

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
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**TAXPAYER SERVICES DIVISION
GENERAL INFORMATION
AND COMMON INCOME TAX QUESTIONS
FOR THE 2005 FILING SEASON**

**Taxpayer Services Division
January 2006
TABLE OF CONTENTS**

What is the role of a temporary tax assistant?	3
Examples of General Assistance	4
Federal Tax Questions	4
Other State or Local Agencies' Questions	5
Requests for forms	6
Questions about Refunds	7
If the return is "in error"	8
To verify estimated payments	10
Questions about the amount only on the 1099-G's	10
Billing Questions	10
Payment Plans	10
Nonobligated Spouse	10
Offsets by DRS	10
Offsets by the IRS and Other State Agencies	10
Address Changes	11
Bills	12
Questions from the Media	12
Directions to Walk-in Offices	12
Website Address	12
<u>General Income Tax Questions</u>	13
<u>Mailing Addresses for Forms</u>	15
<u>Amending a Return</u>	17
Bonus Depreciation	20
Claim of Right	21
CHET and other 529b College Savings Plans	21
Connecticut College Savings Bonds	22
Combat Zone	23
Estimated Income Tax	24
<u>3 Ways to make Estimated Tax Payments</u>	26
Fed/State ELF	27
Gambling Winnings	29

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Issuers of Forms 1099 – Filing Requirements	31
<u>Mailing Addresses for Connecticut Returns</u>	15
Military	32
Mutual Funds that Invest in Connecticut obligations	34
Nanny Tax (Household Employer)	34
Nonresident Alien	36
Nonresidents and Part Year Residents	37
Online Filing through Fed/State Electronic Filing Program	45
Pension Income	46
Property Tax Credit	47
Refunds	49
Sales Tax Deduction for federal income tax purposes	50
Telefile/WebFile	52
Steps for Handling Requests for PIN	52
Common Questions on Telefile/WebFile	52
Title 19 Recipients	56
Withholding and Annual Reporting (Employer Questions)	56
Working in Another State (Schedule 2)	58
Form 1099-G	60
End of Filing Season Questions	64

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

The role of a temporary tax assistor

To provide front line assistance and determine the best way to help the caller from the following options:

- Provide General Assistance,
- Transfer caller with a complicated question to a Supervisor, or
- Refer calls to correct area of the Department or give them correct advice about another agency that they must contact to resolve their problem.

General assistance may include referring the taxpayer to another state agency or the Internal Revenue Service after determining that the question is not about state taxes. It can also include identifying the correct form needed by the caller and transferring the caller to the Forms Unit or answering Connecticut income tax questions.

DO'S AND DON'TS

HOW TO ANSWER THE CALL: All assistors should answer the call by giving their name. The following greeting should be used:

This is ____ (your name) ____, how may I help you? You may use your first name only or your first and last name. However – **You must give your name.**

BE PLEASANT AND COURTEOUS: The caller can sense your mood from your tone of voice. When you answer a call, you should be patient and listen to what the caller says. You can also sense the caller's mood by listening and can make a special effort if necessary to diffuse a tense situation. ***TIP: A good technique is to listen for and write down the name of the caller if the caller gives his or her name. That way you can use the caller's name in your response.***

DO NOT GIVE OUT YOUR DIRECT TELEPHONE NUMBER: If you are located in the Hartford Office, all calls must come through the main number. **Do not give out your extension number.** If follow-up is needed, you should take the caller's name and telephone number. Explain to the caller that they should call the Department at the same number and select the option 0 for Taxpayer Service. By doing that, the caller will be served by the next available representative.

RESEARCH AND CALL BACK IF NECESSARY: The permanent staff and supervisors of the Taxpayer Services Division are available to assist you. If you are not sure of an answer, do not take a chance of giving out wrong information. If you are

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

unable to immediately get the answer (within 1-2 minutes), tell the caller you need to research the issue and call him or her back. Take the name, social security number (if the question involves a billing or refund inquiry), address, and daytime telephone number. Be sure to follow up on the question with your supervisor and either return the call or have a supervisor return the call as soon as possible. **You should return the call within a day even if only to tell the caller that someone is working on the question.**

Examples of General Assistance

1. **Federal Tax Questions:** If the caller has a question about a federal income tax form or issue, the caller should be referred to the Internal Revenue Service at 1-**800-829-1040**. The IRS has operators available to answer questions during the filing season 24 hours a day. You may wish to suggest that the caller try early in the morning or late at night to avoid a long delay. The taxpayer may need to have an interpreter when he makes the call. The taxpayer can also be directed to any IRS walk in office in CT. The list showing locations and hours of operation is in your notebook. Some clues that the question is a federal tax question include:

- **Earned income tax credit** (Connecticut does not have an earned income tax credit.)
- **Taxpayer Identification Numbers (SSN or TIN). Social Security Numbers or Taxpayer Identification Numbers** (for those who do not have an SSN) must be obtained from the IRS.
- **Medical deductions**
- **The Federal Optional Sales Tax Deduction to use on federal Schedule A (itemized deduction)** (Taxpayer should request IRS Publication 600 for information) I included further information on this new deduction under [“Optional Sales Tax Deduction for federal tax itemized deduction”](#) below.
- **Child care credit**
- **Other tax deductions**, including deductions for dependents
- **Questions about filing status** (CT requires the taxpayer to use the same filing status as they do for federal income tax purposes. If the caller does not know what filing status to use, he or she needs to speak to the IRS.)
- It may be helpful to ask the caller the form number on the form he or she is filling out. If it is a federal form, explain how to reach the IRS. Federal forms include Form 1040, 1040EZ, or 1040A. (CT

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

forms all begin with the two-letter prefix, CT, such as the CT-1040, CT-1040EZ, and CT-1040NR/PY.)

- Questions about **Schedules**
 - **A (for reporting itemized deductions),**
 - **B (for reporting interest and dividend income),**
 - **C (for reporting business income),**
 - **D (for reporting capital gains)**
 - **E (rental property).**

These are federal schedules.

- **Gambling winnings/losses.** (The person may want to know if CT allows deductions for gambling losses. The answer is no. We do not have a deduction like the one available on the federal tax return.)
- Questions about reporting the **child's income** on the parent's income tax return. (**NOTE:** If the parent is eligible to and is reporting the child's income on his federal income tax return, he must do the same for CT. The income will be in his federal agi and his CT agi.)

2. **Other State or Local Agencies' Questions:** Sometimes we receive calls that must be referred to other state agencies. The following are frequently asked questions that are not properly handled at DRS. Included is the name and telephone number of the agency to refer the taxpayer to.

If you cannot determine where to refer the caller, use the list of telephone numbers you received for further assistance **or** speak to your supervisor. You may also check with Melvin Jones, Lead Consumer Information Representative, x4935. He will help you to find the right place to direct the taxpayer.

- Questions about local property tax payments on the caller's automobile or house. The caller should be directed to call the Tax Collector in the town or city in which he or she lives. **However, if the caller is asking about the property tax credit on the CT income tax return, you should answer the question.**
- Questions about unemployment compensation should be directed to the Department of Labor (see list of telephone numbers). **However, if the caller is asking about unemployment compensation in connection with reporting it on his income tax return, you would answer the question.**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

3. **Requests for forms:** If the caller needs a Connecticut tax form, ask questions to determine which booklet or form the caller needs. Always recommend to the caller that they download the forms from our website at www.ct.gov/drs. They should select the Forms option on the banner line on the top of each page. Then click “2005/2006 Tax Forms for Individuals” and click “Income Tax”. Another option would be to pick up a form at a Connecticut library, town hall or post office or DRS office.

If the caller cannot or does not want to get the form from the Internet or from one of the locations listed above, the caller should be transferred to the Forms Unit to order the booklet:

In the Hartford Office: If the caller wants the booklet or form mailed, tell the caller you are going to transfer him/her to the Forms Unit where he/she will speak to a representative or, if all representatives are busy, will leave his/her name, address and form request on a voice mail order system. Then press “Transfer”, dial x4753, then press “Transfer”. Do **not** hold on until answered.

The following are the most commonly requested forms.

- Most residents of CT can use the CT-1040EZ/Combo booklet. This booklet contains the instructions on electronic filing options (Telefile and WebFile), the Telefile worksheet, and the paper Form CT-1040EZ. If the caller’s income is all from wages earned in Connecticut, this is the correct booklet to send. It can also be used regardless of the type of income as long as the caller does not have any modifications to federal AGI except for a state income tax refund. It is shorter and quicker to complete than the long form. **(TIP: Anyone with federally taxable social security must use the CT-1040 (the long form). Anyone who works in another state, must also use the CT-1040.)**
- Form CT-1040 booklet is also for residents. Residents who live in CT but work in another state must use it. Residents who are receiving social security benefits if the benefits are subject to federal income tax also must use it. Residents who receive income from sources other than wages also **may** have to use it. **If in doubt**, you should tell them to order the Form CT-1040 booklet, since all residents can use this form.
- Form **CT-1040NR/PY** is for anyone who was a nonresident in 2005 but who earned income from working in Connecticut or from other Connecticut sources such as from rental property owned in

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Connecticut. It is also for anyone who moved into Connecticut or moved out of Connecticut during 2005 (part year residents) unless that person meets the statutory definition of a full year resident because he or she maintained a permanent place to live in Connecticut for the entire year **and** lived in Connecticut for more than 183 days in the aggregate during the year.

- **Form CT-8379** is used when a refund is due to the taxpayers but one spouse owes past due child support or another state or federal income tax debt and the other spouse is not obligated to pay that debt. The nonobligated spouse must complete Form CT-8379.
- **Form CT-W4** is filled out by employees and given to employers to determine how much Connecticut income tax should be withheld from wages.
- **Form CT-W4P** is filled out by residents who receive pension income and who want to have Connecticut income tax withheld from the pension.

Other Connecticut Forms

- **Form REG-1**, Business Taxes Registration Application, is used to start up a new business. The owner uses it to register for most taxes administered by DRS including sales tax and income tax withholding. If the caller says he wants to start a new business, you can order that form for him but it would be better to have him speak to a sales tax expert also.
 - **Form LGL-002**- Request for copy of previously filed return
4. **Problems or questions:** The following is information is about common problems you may identify when assisting a caller. Sometimes you are directed to transfer the caller to another DRS unit and are given a 4-digit internal transfer number. Staff in field offices should consult with the supervisor about how to handle calls for other units. If you give the telephone number to the caller, be sure to add the area code (860) and the 297 prefix to the four digits.
- **Questions about Refunds:**
 - Income tax refunds **for paper returns** are generally issued within **8-12** weeks from the date that a paper return is received.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

- Income tax refunds **for electronically filed or telefiled returns generally are issued within 4 business days.**

Before checking on a refund for a taxpayer, you should determine that you are speaking with the taxpayer. You may not provide information on a refund to a friend or relative of the taxpayer but only to the taxpayer. If the taxpayer files a joint return with spouse, either spouse may call. However, if spouse files separately, the other spouse cannot obtain information.

The caller should be asked for the following information to determine identity:

1. social security number
 2. name of spouse if filing jointly and social security number of spouse
 3. complete address
 4. amount of refund expected
 5. date when return was filed
 6. if the return was electronically filed or was a paper return.
- If the taxpayer filed a paper return and calls within **eight weeks (twelve weeks if return was filed from mid-Feb through April)** of filing the return and you **cannot** see on ITRP that the form was processed, recommend that he or she calls back after the 12 weeks have elapsed.
 - If more than **twelve** weeks has passed and you cannot see that the return has been processed, Taxpayer should be told to mail in a copy of the return. Taxpayer should write **DUPLICATE COPY** on the top of the return and mail it to the address on the return.

Sometimes the caller got his or her refund but it is less than expected. Transfer the caller to the Refunds Unit for assistance.

TIP: Very often, taxpayers who have a refund direct deposited to their account, forget that they requested direct deposit. Check on ITRP – TD81 if you see that a refund was issued (code 120). If you go to the Refund Detail screen (TD83) for the refund it will tell you if it was direct deposited. If so, tell the taxpayer to check with his or her bank.

If the return is "in error" as shown on the TD71 screen:

1. **DO NOT TRANSFER THE CALLER TO REFUNDS.**
2. **Tell the taxpayer we have received the return and it is under review.** (Do not try to determine why it is under review while speaking with the taxpayer.)

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
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3. Tell the taxpayer **you do not have any other information on the status of the return but you will take down the information on the return and refer it to the Department's Corrections Unit to try to speed up the review process.**
4. **Tell the taxpayer to wait 2 full weeks and to call back if they have not received their refund within that time.**
5. Fill out the **TD 71 In Error Form** (on the TPS Intranet Site) and email it to Melvin Jones.

TIP: Every year, thousands of returns go into “error” status. The reasons range from errors made by the taxpayers to errors made in keypunching the return. **Encourage people to use WebFile or Telefile next year to speed up refunds and to reduce both types of errors.**

If return was processed but caller did not receive the refund:

- Was refund sent out but returned by post office as undeliverable (NIXIE)?
 - a. Verify if the address on our system is different from the taxpayer's address. Sometimes the address we have may not include a necessary apartment number or floor number, etc.
 - b. Fill out the **Address Change/Nixie** form, indicating any changes or differences in the address on our system. Be sure to get a contact name and number as required on the form. If you are trained and authorized to make the address change in TD11, make the change and indicate on the form that the address change was made and that the Refund should be released. For more information on [Address Changes](#).
- Was refund sent out but not returned by post office?
 - a. Do **not** take the address change. Tell caller that the check went out and if it is undeliverable it will be returned to DRS. If they gave a forwarding address to the Post Office, the post office will return the check with the new address information to us and we will send it out again.
 - b. If they do not receive the check from us within 4 weeks (from the date we mailed it out originally), tell taxpayer to call us back.
 - i. If the check has not been cashed, tell taxpayer to fill out the Form CT-3911 to request a Stop Payment and a new check. DRS will see if the check was cashed. If it was cashed, taxpayer will receive an affidavit to fill out and if it was not cashed a Stop Payment will be placed on the check and a

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

new check will be issued. Remind taxpayer that once the CT-3911 is mailed to DRS they not should cash the check (if they find or receive it). Also tell taxpayer the process of issuing a new check will take several weeks.

- To **verify estimated payments** made for 2005, check ITRP TD 81. Once again, the procedure is to check to be sure the caller is the taxpayer. Follow the directions for verifying identity under [Refunds](#).
- Questions about the **amount only on the 1099-G's** should be transferred to Refunds at x 4845 (860-297-4845)
- **Billing questions:** Some bills come from Accounts Receivable and some come from Collection and Enforcement (C&E). If the caller has the bill available, have him look for a telephone number on the bill. Use that number, if available to transfer the caller. If no number is available, have someone in Accounts Receivable check the account to determine where to refer the caller. Tell the taxpayer you will transfer him/her to Accounts Receivable and tell him/her to listen to the options and choose the option for billing. Hit transfer, x4771, Transfer and hang up.(860-297-4771)
- **Payment Plans:** If caller cannot pay income tax due with the 2005 Conn. Income Tax Return, the taxpayer should complete Form CT-1127 and attach to the front of the return or write a letter and attach it to the front of the return explaining why he needs a payment plan and setting out his proposed schedule for paying the tax due. Tell caller to file return on time, pay as much as he can with the return, and attach a letter asking to be contacted about a payment plan. Also tell the caller not to wait to hear from us before making additional payments. Payments should be made regularly by the taxpayer.
- **Nonobligated Spouse:** Refund was offset and Form CT-8379 was already filled out transfer to Maydena Webster in the Refunds Unit at x4846 (860-297-4846).
- **Offsets by DRS:** Caller received notice that the refund was offset by DRS for past due tax bills. Transfer to Refunds x4845 (860-297-4845).
- **Offsets for other state agencies and the IRS:** If the refund was offset by the IRS or another state agency, the caller will have that information on the notice sent out by DRS. The caller must contact the telephone number listed for that agency on the notice. We cannot assist the taxpayer with offsets done for other agencies. See list of telephone numbers for other agencies' offsets.
- **Address change for business tax:** For business tax should be transferred to x4874, Registration Maintenance. Hold on until answered and then hit transfer again.
- **Address change for income tax:**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

If taxpayer calls to report that he has moved after filing the return, check ITRP to see if the return has processed and if the refund has gone out.

If the return has not processed:

- Did taxpayer use preprinted label or did he write in name and address on form.
 - a. **YES** - If he used preprinted label, you can take the address change and fill out the Address change form. When the return is processed with a preprinted label, the system will use the address in TD11 to send out a refund. If you are trained and authorized to make address changes in ITRP, make the change.
 - b. **NO** - If he did not use the preprinted label (or if he crossed out information on the label and wrote new information), do **not** take the address change. Tell the taxpayer to wait to see if the refund is forwarded to the new address (because forwarding information is provided to us by the Post Office). If taxpayer does not receive check within 10 weeks of filing, tell him to call back. Do not change the address because TD11 will be updated with the information on the taxpayer's return which will override any change that you make.

If return was processed

- Was refund sent out but was returned by post office as undeliverable (NIXIE)?
 - c. Verify if the address on our system is different from the taxpayer's address. Sometimes the address we have may not include a necessary apartment number or floor number, etc.
 - d. Fill out the Address Change form, indicating any changes or differences in the address on our system. Be sure to get a contact name and number as required on the form. If you are trained and authorized to make address changes in ITRP, make the change and then indicate on the Address change form that you made the change and request that the refund be released.
- Was refund sent out but not returned by post office?
 - c. Do **not** take the address change. Tell caller that the check went out and if it is undeliverable it will be returned to DRS. If they gave a forwarding address to the Post Office, the post office will return the check with the new address information to us and we will send it out again.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

- d. If they do not receive the check from us within 4 weeks (from the date we mailed it out originally), call us back. [We will then check to see if the check was cashed.](#)
- **Audit Bills:** Ask taxpayer for the telephone number on the bill.
 - **Questions from the Media:** questions from newspaper or television reporters or other media outlets should be directed to Sarah Kaufman, the Director of Communications at DRS. Her telephone number is 860-297-5610.
5. **Directions to Walk-In offices:** You can recommend that a taxpayer visit one of our walk-in offices to get assistance in completing their return, particularly if the taxpayer has a complicated situation. Recorded directions to each office at on our telephone system. You can transfer the taxpayer to the recorded directions by pressing transfer, **x5692**, transfer.
6. **Website address:** ct.gov/drs
7. **Mailing address:** Taxpayers should use the address listed on the forms or billing notices. However, if the taxpayer wants to mail a letter to the Department our mailing address is:

**Department of Revenue Services
25 Sigourney Street
Hartford, CT 06106**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

GENERAL INCOME TAX QUESTIONS

- Question 1.** I am self-employed, what form do I need to file to pay state income tax?
Answer 1. You need the Form CT 1040ES, Estimated Income Tax Coupon, if you expect to owe more than \$1000 in Connecticut income tax for 2005. The first estimated payment for 2005 is due April 15, 2005.
- Question 2.** I moved to CT in the middle of the tax year, which income tax form do I need to file?
Answer 2. You need to file Form CT-1040NR/PY as a part-year resident.
- Question 3.** I made a mistake on my return and I sent the return already. What should I do?
Answer 3: You must file Form CT-1040X, Amended Connecticut Income Tax Return. Use Form CT-1040X to amend a previously filed Connecticut income tax return. (The CT-1040X is year specific. Be sure to use the amended return for the year of the return you are amending.)
- Question 4.** I received a Form 1099-G issued by DRS. What should I do with it?
Answer 4: Form 1099-G is used to report a state tax refund. If you filed federal Form 1040 last year and used Schedule A to itemize your deductions, including state taxes, you must report the amount of the refund on Line 10 of this year's federal income tax return. When you complete this year's Connecticut income tax return, you will subtract the amount of the refund by entering the amount on Line 2, of Form CT-1040EZ or on Schedule 1 of Form CT-1040 or Form CT-1040NR/PY.
- Question 5:** I received Form UC-1099-G from the Department of Labor because I received unemployment during the tax year. What should I do with it?
Answer 5: You are required to report the amount of the unemployment you received when you complete your federal income tax return. If you had federal income tax withheld, you must attach a copy of the form to your federal income tax return. If you had CT income tax withheld, you must enter the information from the UC-1099-G on your CT income tax return – Line 10 of Form CT-1040EZ, Line 18 of Form CT-1040, or Line 20 of Form CT-1040NR/PY. **If you have a question about the amount reported on the UC-1099-G, contact the Department of Labor at 860-263-6000.**

NOTE: if the caller says he received unemployment but did not get a UC-1099-G, have him contact the DOL at the above phone number.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 6: I received a 1099-MISC. Should I send a copy of this with my Connecticut return?

Answer 6: You do not need to attach it to your Connecticut return unless you have Connecticut income taxes withheld.

Question 7: My gross income was less than \$12,625 for the year, should I file a return?

Answer 7: Only if you had Connecticut income tax withheld from wages or pension or if you made estimated income tax payments to Connecticut.

Question 8: I lost my W-2 and my employer gave me a copy. Is it okay to submit the copy?

Answer 8: You are not required to attach the W-2 forms to your Connecticut income tax return. You must, however, enter the information from the W-2 form on **Line 10 of Form CT-1040EZ, Line 18 of Form CT-1040, or Line 20 of Form CT-1040NR/PY**. You should also retain a copy of the W-2 or copy of the W-2 with your tax records for the year.

Question 9: My employer did not give me a W-2. What should I do?

Answer 9: You should contact your employer and request a W-2. If you cannot get the W-2 from your employer but you have adequate records of your wages and withholding for the tax year, you should complete Form CT-4852, Substitute W-2 Form and keep it with your tax records. You may be able to get this information from your last pay stub or other records that you have showing the amount of wages and Connecticut income tax withheld. You should also attach to the CT-4852 a copy of your federal W-2 form which can be obtained from the Internal Revenue Service. Do not attach the CT-4852 to the CT return but enter as much of the information from the CT-4852 on **Line 10 of Form CT-1040EZ, Line 18 of Form CT-1040, or Line 20 of Form CT-1040NR/PY**.

Question 10: Can I get a copy of my W-2 from the Connecticut Department of Revenue Services?

Answer 10: No. You may be able to obtain a copy of your W-2 from the IRS but that copy will not include Connecticut income tax withheld. You may, however, fill out Form CT-4852 and attach a copy of the W-2 you obtained from the IRS when you file the CT return. DRS will research the issue and attempt to assist you.

Question 11: What amount do I put on line 1 of my Conn. income tax return?

Answer 11: Enter your federal adjusted gross income. (Form 1040, Line 37; Form 1040EZ, Line 4; or Form 1040A, Line 21.) **NOTE: THE IRS DISCONTINUED THE FEDERAL**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

TELEFILE PROGRAM. THERE IS NO FEDERAL TELEFILE OPTION TO FILE 2005 INCOME TAX RETURNS.

Question 12: Where do I mail my return?

Answer 12: If you lost the envelope, use the address printed on the return. Use the address for Refund or Tax Due, whichever is appropriate.

If you are filing FORM...	and you ARE NOT making a Payment... (Refund or no payment due returns)	and you ARE making a Payment...	Make your check or money order payable to Commissioner of Revenue Services:
CT-1040EXT	Department of Revenue Services PO BOX 2976 Hartford CT 06104-2976	Department of Revenue Services State of Connecticut PO BOX 2977 Hartford CT 06104-2977	Write your Social Security Number(s) and " 2005 Form CT-1040EXT " on your check or money order.
CT-1040	Department of Revenue Services PO BOX 2976 Hartford CT 06104-2976	Department of Revenue Services PO BOX 2977 Hartford CT 06104-2977	Write your Social Security Number(s) and " 2005 Form CT-1040 " on your check or money order.
CT-1040EZ	Department of Revenue Services PO BOX 150420 Hartford CT 06115-0420	Department of Revenue Services PO BOX 150440 Hartford CT 06115-0440	Write your Social Security Number(s) and " 2005 Form CT-1040EZ " on your check or money order.
CT-1040NR/PY	Department of Revenue Services PO BOX 2968 Hartford CT 06104-2968	Department of Revenue Services PO BOX 2969 Hartford CT 06104-2969	Write your Social Security Number(s) and " 2005 Form CT-1040NR/PY " on your check or money order.
CT-1040ES (Nonscannable Version)	N/A	Department of Revenue Services State of Connecticut PO Box 2932 Hartford CT 06104-2932 NOTE: If you received an estimated coupon booklet personalized for you, use the address on the coupon	Write your Social Security Number(s) and " 2006 Form CT-1040ES " on your check or money order.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 13: I received an income tax booklet and there is a mistake in the name or address on the label.

Answer 13: Do not use the label. Instead, neatly print your name(s) on the form. Destroy the label. (The Operations Division does not want the caller to cross off the mistake on the label and correct it. They want the taxpayer to write the names and address on the form.) You must also print your social security number(s) neatly on the form.

Question 14: I owe money what do I need to do since I cannot pay it all off?

Answer 14: Complete your return and attach to it a completed copy of Form CT-1127, Application for Extension of Time for Payment of income taxes. File on time and pay as much as you can afford when you file. If you cannot complete Form CT-1127, file your Connecticut income tax return on time, pay as much as you can when you file and attach a letter to the front of the return explaining your need for a payment plan.

Question 15: What do I report on the line for individual use tax?

Answer 15: You must report any purchases made during the tax year where you did not pay a Connecticut sales tax to the vendor. For example, use this line to report taxable purchases made on the Internet or by mail order if the seller did not charge the Connecticut sales tax. (You may refer the caller to [IP 2005\(17\), Individual Use Tax.](#))

Question 16: How can I get a copy of my last year's return?

Answer 16: Complete Form LGL-002 to request a copy of a previously filed return. It takes about 3 weeks to get a copy. There is no charge. You **cannot** get a copy of a previously filed return at our DRS walk-in offices.

Question 17: Does Connecticut recognize common law marriages?

Answer 17: Connecticut does **not** recognize common law marriages. However, if the individuals were residents of another state that recognizes common law marriages and they were considered by that state to be married under that state's law before moving to Connecticut, they would be considered married for Connecticut tax purposes.

Question 18: What options besides paying by check are available to pay Connecticut income tax?

Answer 18: The following other options are available:

- **Credit Card Payment:** Residents, nonresidents and part-year residents can pay by credit card using the Official Payments website or toll free number as long as they filed a 2004 Connecticut income tax return. There is a 2.5% fee

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

charged by Official Payments. American Express, Visa, Discover and Master Card are accepted. For more information on credit card payment, visit our website at ct.gov/drs and go to Electronic Services on the left navigation (select Electronic Services on the left hand side of the website and then select Credit Card Payment Option under "Personal Income Tax").

- **Direct Payment:** Residents who file using Electronic Filing, WebFile or Telefile may also use Direct Payment. Direct Payment allows the taxpayer to have the payment taken by the Department from his or her checking or savings account.

Amending a Return

Question 1: I telefiled a few days ago and forgot to include additional income from a former employer (or any other income). I received a 1099-R or a W-2 after I filed. What should I do?

Answer 1: You must file an amended return on paper to report the additional income. File Form CT-1040X. You must use the form for the year that you are amending.

Question 2: I forgot to take the property tax credit on my 2002 Connecticut income tax return. What should I do?

Answer 2: You may amend a Connecticut income tax return within three years of the due date of the original return, or if you submitted a timely request for extension of time to file the original return, you may amend within 3 years of the extended due date or within 3 years of the date you filed, whichever is earlier. Since the 2002 return was originally due on April 15, 2003, you have until April 15, 2006 to amend it and still be eligible for a refund.

Question 3: Can I file an amended income tax return for a year prior to 2002 and be eligible for a refund?

Answer 3: In general, you must file the amended return within 3 years of the due date of the original return or, if you submitted a timely request for extension of time to file the original return, you may amend within 3 years of the extended due date or within 3 years of the date you filed, whichever is earlier. However, if one of the following exceptions applies, you may amend a return for a year prior to 2002:

- If you are amending the return because the IRS notified you of a change or correction in your federal income tax return and the

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

amendment affects your Connecticut income tax liability, you must amend your Connecticut income tax return **no later than 90 days after the final determination is issued by the IRS**. This is true even if the amendment is filed more than 3 years after the due date or extended due date of the original return.

- If you are amending the return because you claimed credit for taxes paid to another state and that state notified you of a change or correction that, in turn, affects your Connecticut income tax liability, you must amend your Connecticut income tax return **no later than 90 days after the final determination is issued by that state (30 days for returns for taxable years beginning before Jan. 1, 1998)**. This is true even if the amendment is filed more than 3 years after the due date or extended due date of the original return.
- If you are financially disabled, the time for filing the CT-1040X is extended for as long as you are financially disabled. (See definition for financially disabled in the Form CT-1040 booklet.)

Question 4: I received Form 1099-G to report the state tax refund I received last year after I filed my Connecticut and federal returns.

Answer 4: If you itemized deductions on Schedule of your 2004 federal income tax return, you must amend your **2005 federal income tax return** to report the amount of the state tax refund reported on Form 1099-G.

However, you do **not** have to amend your Connecticut income tax return. The amount of the state tax refund is taxable for federal purposes but not for state purposes. That amount is subtracted from federal agi when you file your Connecticut return. Therefore, the change to your federal return will not affect your Connecticut income tax liability and you do not have to amend your Connecticut return.

Question 5: I have already submitted CT 1040NR/PY. I am a resident of another state and earn a small income from a Connecticut source. I had to amend my federal income tax return. When I filled out the 1040X for Connecticut, the amount of tax I had to pay did not increase. Do I still need to submit the CT 1040X form?

Answer 5: If additional Connecticut income tax will not be due, you do not need to amend your Connecticut income tax return.

Question 6: I have filed my CT income tax return and forget to include my property tax credit. Do I have to submit the property tax credit schedule to get the refund?

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

- Answer 6:** If you were a resident of Connecticut for all of the taxable year, you may claim the property tax credit. You must file Form CT-1040X. Fill out the property tax schedule included as part of the amended return.
TIP: If the caller is a nonresident or part year resident, he cannot receive the property tax credit.
- Question 7:** I was a nonresident of CT and filed Form CT-1040NR/PY. I amended my federal income tax return to report additional income. I must now amend the return I filed with the State of Connecticut. Do I need to complete a new Schedule CT-SI?
- Answer 7:** Form CT-1040X includes lines to indicate changes to Schedule CT-SI. If the change in your total income affects the portion of income that was from a CT source, report the changes to the CT-SI on Form CT-1040X.
- Question 8:** Is there a form to complete for the application of extending the 3-year Statute of Limitations for amending a Connecticut income tax return?
- Answer 8:** There is no form to extend the statute of limitations. However, you are permitted to file an amendment **even after the 3 year statute of limitations has run** if the amendment is due to one of the following:
- If you are amending the return because the IRS notified you of a change or correction in your federal income tax return and the amendment affects your Connecticut income tax liability, you must amend your Connecticut income tax return **no later than 90 days after the final determination is issued by the IRS**. This is true even if the amendment is due more than 3 years after the due date or extended due date of the original return.
 - If you are amending the return because you claimed credit for taxes paid to another state and that state notified you of a change or correction that, in turn, affects your Connecticut income tax liability, you must amend your Connecticut income tax return **no later than 90 days after the final determination is issued by that state** (30 days for returns for taxable years beginning before Jan. 1, 1998). This is true even if the amendment is due more than 3 years after the due date or extended due date of the original return.
 - If you are financially disabled, the time for filing the CT-1040X is extended for as long as you are financially disabled. (See definition for financially disabled in the CT-1040 booklet.)

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 9: I am under audit for 2002 by another state. The results of that audit may increase the tax I owe that state and, thus affect the credit I claimed on my CT resident return for that year. My accountant advised me to fill out a request to extend the statute of limitations since the other state's audit may not be complete until after April 15, 2005.

Answer 9: We do not have a form to request an extension of the statute of limitations. The extension would not be necessary under the circumstances that you described.

If you are amending the return because you claimed credit for taxes paid to another state and that state notified you of a change or correction that, in turn, affects your Connecticut income tax liability, you must amend your Connecticut income tax return **no later than 90 days after the final determination is issued by that state** (30 days for returns for taxable years beginning before Jan. 1, 1998). This is true even if the amendment is due more than 3 years after the due date or extended due date of the original return.

Bonus Depreciation

Question 1: If I took the federal bonus depreciation on my 2001 federal income tax return, can I take the subtraction modification on the CT 1040 for 2004?

Answer 1: No. There was not requirement for individuals or pass-through entities to add-back bonus depreciation taken for 2001. Therefore, you may not take the subtraction modification on this return for bonus depreciation taken on the 2001 federal return.

However, if you took the bonus depreciation on your federal return for 2004 and added bonus depreciation to your federal adjusted gross income on your 2004 **Form CT-1040**, Line 32, you may subtract 25% of that bonus depreciation amount on Line 45 of the 2005 CT-1040 (Line 47 of Form CT-1040NR/PY) and 25% of that bonus depreciation amount on the comparable line of your Connecticut income tax return for the 2006, 2007, and 2008 taxable years.

Question 2: I bought a piece of equipment in 2004 and took the federal bonus depreciation on my 2004 fed. income tax return. I added back the bonus depreciation on my 2004 CT income tax return. I sold the equipment in 2004. Am I still entitled to take the new subtraction modification for the bonus depreciation I added back in 2004?

Answer 2: Yes. Even though you sold the equipment, you may subtract on Schedule 1 of the 2005 Form CT-1040 or CT-1040NR/PY, 25% of the

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

bonus depreciation that you added back on your 2004 CT income tax return. You may continue to use the subtraction modification for 2006, 2007, and 2008 (25% each year).

More information on the bonus depreciation modifications (addition and subtraction) is found in SN 2003(21), *2003 Legislation Affecting the Connecticut Income Tax*.

**Claim of Right
(Repayment of money previously received and taxed by Connecticut)**

Taxpayers who received income in a previous year and were required to repay the income in a subsequent year, may claim a credit equivalent to the difference between the tax as it would have been if they never had received the income in the first place.

Question 1: I received unemployment compensation in 2003 and now it was determined that I should not have received the compensation. I had to pay back the money I received in 2005 and report the repayment on my 2005 federal income tax return. I originally paid tax to Connecticut when I received the income in 2003 and want to know how to get the tax back.

Answer 1: You will complete Schedule CT-1040CRC, Claim of Right Credit, and attach it to the front of your 2005 Connecticut income tax return. If you paid Connecticut income tax in the year you received the income, you will be able to claim a credit equivalent to the tax you would have paid in that year if you had never received the income.

**Connecticut Higher Education Trust (CHET) and
Other States' Section 529(b) Higher Education Savings Plans**

Question 1: Are contributions to CHET deductible for Connecticut income tax purposes in the year the contribution is made? Does it matter if the plan is a Connecticut 529 plan (CHET) or an out-of-state 529 plan?

Answer 1: Contributions to college higher education trust accounts are treated for Connecticut income tax purposes the same as they are for federal income tax purposes. The contributions to the CHET plan or to any other 529b plan are made with after-tax dollars and are not deductible for Connecticut income tax purposes.

Question 2: Are qualified distributions from 529 plans exempt from Connecticut income taxes?

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Answer 2: Distributions from the plan in Taxable Years Beginning on or After Jan. 1, 2003

There is a change in federal law that exempts from federal income tax qualified distributions from 529b plans received in **2003 and thereafter**. The income from qualified distributions from College Savings plans administered by states will not be included in federal adjusted gross income beginning in 2003. Therefore, qualifying income received from Section 529b Plans in 2003 will not be subject to Connecticut income tax, whether the income is from CHET or from a plan administered by another state.

A taxpayer that receives a distribution from CHET in 2003 should **not** use the subtraction modification on Schedule 1 of Form CT-1040 (Line 46) unless the distribution is included in federal adjusted gross income.

For Taxable Year 2001 and Previous Taxable Years

The income received in 2001 and in prior years from distributions of College Savings Plans administered under the Internal Revenue Code Section 529b is included in federal adjusted gross income and is subject to federal income tax. Since the calculation of the Connecticut income tax begins with federal adjusted gross income, any income from the distributions of Section 529b plans would also be subject to Connecticut income tax unless the income is from the plan administered by the Connecticut Treasurer's Office, known as the CHET Plan.

For Connecticut income tax purposes, there is a subtraction modification that a beneficiary of the distribution from the Connecticut Higher Education Trust (CHET) would use in completing their Connecticut income tax return to subtract out any federally taxable portion of the distribution from a 529(b) plan administered by the state of Connecticut or by an instrumentality of the state. (See Conn. Gen. Stat. Section 12-701(20)(B)(xii)).

Distributions received prior to 2003 by Connecticut residents from 529(b) plans, other than the CHET Plan, such as plans administered by any other state, would be subject to Connecticut income tax to the same extent as they are subject to federal income tax.

College Savings Bonds (Other than CHET Bonds)

Background: The Connecticut Treasurer's Office issued College Savings Bonds beginning in the 1980s and ending in 1994. These bonds are "zero coupon" bonds

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

meaning that they did not pay any interest over the life of the bonds. The individual may have paid \$500 for a \$1000 bond and the interest, instead of being paid to the individual each year, was added to the owner's basis. If the owner kept the bonds to maturity and cashed in, his or her basis in the bond will equal the face value and there is no gain for federal tax purposes. If they sold the bonds prior to maturity, there will be a gain or, perhaps, a loss.

Tax Issues: We are receiving a lot of questions from holders of the College Savings Bonds because the Treasurer's Office just sent out the 1099-B forms to report the interest on the bonds. The callers want to know if the income is subject to federal or state tax.

Federal Tax Questions: To find out if the caller has to report anything from the sale on his or her federal income tax return, refer the callers to the following representative at the Treasurer's Office: **Sarah Sanders (Principal Debt Management Specialist) at 860-702-3288 or Joyce Petteway at 860-702-3153.**

1. She can explain whether there is any gain or loss and, if so, how to report it on the federal Schedule D.
2. **Connecticut Tax Questions:** You can tell the caller how to report the sale on the Connecticut return based upon the answer they get from the Treasurer's Office.
 - **If there is a gain for the sale of the bond for federal purposes,** the gain will not be subject to Connecticut income tax purposes. The taxpayer will have to file the long form (Form CT-1040) and subtract the amount of the gain that is included in their federal adjusted gross income on Line 45 of Form CT-1040 or on the equivalent line of Form CT-1040NR/PY.
 - **If there is no gain or loss for federal income tax purposes,** the taxpayer does not have to enter anything on the Connecticut income tax return.
 - **If there is a loss for federal income tax purposes,** the taxpayer must add back the loss that is included in federal adjusted gross income from the sale of the bonds on Line 35 of Form CT-1040 or on the equivalent line of Form CT-1040NR/PY.

Combat Zone

Question 1: For any individual who dies while on active duty in the U.S. armed forces in a combat zone or from injuries received in a combat zone, no income tax or return is due for the year of death. If one spouse dies in the combat zone

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

and the surviving spouse files a joint federal and Connecticut return, is the tax forgiven for both spouses?

Answer: **No.** Only the federal and Connecticut tax of the deceased individual is forgiven. The following information from the IRS website explains how to calculate the tax that is forgiven if a joint return is filed:

Joint Returns

On joint returns, only the decedent's part of the joint income tax liability is eligible for the refund or tax forgiveness. To determine the part for the decedent, the person filing the claim must complete the following steps:

1. Figure the income tax for which the decedent would have been liable if a separate return had been filed. (A pro forma federal income tax return should be prepared to determine the decedent's federal adjusted gross income if filing as married filing separately.)
2. Figure the CT income tax for which the spouse would have been liable as if a separate return had been filed. (A pro forma federal income tax return should be prepared to determine the spouse's federal adjusted gross income if filing as married filing separately.)
3. Multiply the joint tax liability by the following fraction:
 - The amount in (1) above divided by
 - The sum of (1) and (2) above

The result is the decedent's tax liability that is eligible for the refund or tax forgiveness. Taxpayers who cannot complete this process should attach a statement of all income and deductions indicating the part that belongs to each spouse. The DRS will make the proper allocation.

Estimated Taxes

Question 1: I had an overpayment on last year's Form CT-1040 applied to this year's estimated tax. I am completing this year's estimated income tax worksheet and there is no line for me to enter last year's overpayment in calculating the amount of each of my estimates. Is the overpayment applied pro-rata to the four quarterly installments, or can it be applied in full to the 4/15 installment?

Answer 1: If you file your Connecticut income tax return on or before April 15 (or if you file a timely request for extension of time to file and your income tax return is

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

filed within the extension period) the overpayment will be treated as estimated tax paid on April 15. Although there is no line on the worksheet, please see the last paragraph on the instructions entitled "Complete the Payment Coupon." It states: "In determining your payment amount, you may subtract from your installment amount any available overpayment of last year's income tax."

Question 2: I had last year's overpayment applied to this year's income tax. Now I realize that I will not owe any CT income tax since my adjusted gross income is less than the filing requirement. How can I get my overpayment refunded to me?

Answer 2: A request to apply an overpayment to the next year's tax is irrevocable. You will have to file a return for this year in order to get a refund. Even though your adjusted gross income is below the filing threshold, you are required to file a return if you made an estimated payment. If you have no tax liability, you will receive a refund of the estimated payment after filing the return.

Question 3: I am self-employed, what form do I need to file to pay state income tax?

Answer 3: The form that you need is the CT 1040ES, Estimated income tax coupon. The first estimated payment is due April 17, 2006.

Question 4: I received an estimated coupon booklet for next year but I did not request one

Answer 4: If you made an estimated payment last year or if you applied an overpayment of last year's tax to this year's income tax, you would receive an estimated coupon booklet. You can throw it away if you do not need to make estimated payments.

Question 5: I do not need to make estimated payments this year. Will I get in trouble if I don't mail in the coupons?

Answer 5: No. The Department will not contact you if you do not use the coupons. If you do not need to make an estimated payment, you can throw the coupon booklet away. You do not need to notify us that you won't be using the coupons.

Question 6: I do not know how much money I will make this year. How can I estimate my taxes?

Answer 6: You may base your estimates on last year's Connecticut income tax. As long as you pay in the lesser of 100% of your last year's Connecticut income tax or 90% of the current year's Connecticut income tax through timely estimated tax payments or withholding, you will not be penalized, even if you owe more tax at the end of the year. Use the amount on Line 14 of the 2005 Form CT-1040 or Line 6 of the 2005 Form CT-1040EZ or Line 16 of the 2005 Form CT-1040NR/PY if you are using 100% of the prior year's tax to determine your 2006 estimated payments.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 7: How do I make timely payments?

Answer 7: You may pay the entire amount of your estimate in one payment on or before April 17, 2006 or you may make 4 equal payments on or before the following due dates: April 17, June 15, September 15, 2006 and January 15, 2007.

Question 8: I need to make estimated payments but I did not get a coupon booklet.

Answer 8: There is an estimated coupon in your Connecticut income tax booklet. If you use that coupon to make your first payment, you will be mailed a booklet to use in making the remaining payments.

Question 9: I do not want to make estimated payments. Take my name off your list.

Answer 9: You do not have to make payments. You may discard the book.

Question 10: I am never sure exactly how much money I will earn until the end of the year. I do not receive my income evenly throughout the year.

Answer 10: You may base your estimates on last year's income tax (see Question 6, above). If you do not want to use last year's tax, you may want to annualize your estimated payments. You should complete the worksheet for **IP 2005(27), A Guide to Calculating Your Annualized Estimated Income Tax Installments and Worksheet CT-1040 AES**, to annualize your income and to determine your estimated payment.

Question 11: I received an estimated coupon booklet and the name or social security number is wrong. (The mistake could be to the primary taxpayer or the spouse's name or social security number.)

Answer 11: Do not use the coupon booklet. Discard it. If you need to make an estimated payment, use the flat CT-1040ES form in the income tax booklet. (If the caller wants a coupon mailed to him or her, transfer to Forms at x4753 and remind the caller to ask for Form CT-1040ES.)

Question 12: On the estimated tax form for determining estimated tax, there is no place to subtract the Credit for Property Taxes. Has the credit been eliminated?

Answer 12: The property tax credit is still in effect (although there have been some changes that may affect the amount of the credit to which you are entitled) but may only be taken into account when you file your final return. Connecticut General Statutes, Section 12-704c(d) states that the property tax credit may not be taken into account in computing estimated taxes or withholding.

Question 13: I need to make an estimated payment. How can I make the payment?

Answer13: **There are now 3 Options for Making an Estimated Income Tax Payment:**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

1. [Make Estimated Payments Electronically Using WebFile](#). Residents, Nonresidents and Part-Year Residents can make estimated payments and have the payment taken out of a checking or savings account. WebFile can be used to make estimated payments even if the taxpayer never filed with us before.
2. [Credit Card Payment Option](#) Residents, Nonresidents and Part-Year Residents who filed a CT income tax return in the prior year and whose filing status has not changed can make estimated payments using a credit card by going to Official Payments website. There is a 2.5% convenience fee charged by the company to process the charge. (2.5% of the amount charged.)
3. Download the Paper [2006 Form CT-1040ES](#) and Mail it.

**FED/STATE ELECTRONIC FILING
ELF ON-LINE FILING FROM HOME**

- Question 1:** If I e-file my Federal return, must I e-file my CT return?
Answer 1: No, you may do the federal return and not do the state return. If you do choose to file the state return, however, you may do so at the same time that you file the federal return or in a separate session as long as the federal return was accepted. Check with your software provider for further details on filing the state return in a separate session.)
- Question 2:** My return preparer says that he is required by the state to e-file my Connecticut return. Is that true?
Answer 2: A new regulation that went into effect this year requires any tax preparer who prepared 200 or more CT income tax returns for 2004 to electronically file all 2005 CT income tax returns. The preparers were notified of this requirement. **NOTE:** There is a [Q&A on the website](#) with detailed answers on common questions that may be asked by the practitioners and by taxpayers about the mandatory efile.
- Question 3:** What if I refuse to have my return filed electronically even though my tax preparer is required to file electronically. What can I do?
Answer 3: If you refuse to have your preparer submit an electronic return, your preparer can submit a paper return but he or she must attach a letter **signed by the client** to the paper Connecticut return indicating the client has opted to not have the return filed electronically for 2005. **NOTE:** There is a [Q&A on the](#)

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

[website](#) with detailed answers on common questions that may be asked by the practitioners and by taxpayers about the mandatory efile.

Question 4: CT returns require my NY state return in order to validate my state income tax paid to an other jurisdiction (namely NY State). Where do I mail a copy of my NY State tax return (so that you see state tax credit I claim on my CT tax return). What should I include with that mail? Do I just sent the tax return without any indication of what it is, or cross-checking?

Answer 4: If use the IRS self-selected PIN, you do not have to mail anything to DRS. However, you must keep a copy of the other state's return and your W-2s for at least 3 years with your tax records in the event that we contact you requesting a copy.

If you do **not** use the IRS self-selected PIN, you are required to fill out Form CT-8453, and keep it with all W-2s and any 1099s that show CT tax withheld as well as a copy of any other state's return if you claimed credit for taxes paid to that state for a minimum of 3 years.

Question 5: I claimed a credit for taxes paid to another state on my e-filed return. I was directed to mail in a copy of the other state's return but lost the address.

Answer 5: If the credit you claim exceeds \$500, you will be directed to mail a copy of the other state's return to DRS. Mail that copy to:

**Department of Revenue Services
State of Connecticut
P.O. Box 2933
Hartford CT 06104-2933**

Question 6: I owe CT tax. Where do I send that check? What should accompany that check

Answer 6: To mail in a payment you should use the form CT-1040V. Mail the form and payment to:

**Department of Revenue Services
State of Connecticut
P.O. Box 5088
Hartford, CT 06102-5088**

However, when you e-file you can electronically pay by selecting an ACH debit transaction. The e-filing software program will provide you with that option.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Gambling Winnings

Question 1: Is there any way to deduct the losses incurred in gambling to offset the winnings that are included in Federal A.G.I.?

Answer 1: Because CT tax calculation begins with federal adjusted gross income, you cannot claim any gambling losses that are claimed on the federal income tax return after Line 33. It would require a legislative change in the CT income tax law for such losses to be deductible on the CT income tax return.

Question 2: I live in Massachusetts, and I would like to know if the gambling winnings from Foxwoods are taxable in CT and, if so, do I have to file a nonresident return?

Answer 2: Nonresidents of Connecticut are only taxed on Connecticut source income. Gambling winnings from casino gambling are not considered Connecticut source income. If Connecticut income tax was withheld in error from your winnings, you should file a Connecticut Form CT-1040NR/PY to get a refund.

Question 3: I live in New York and I won the Powerball Lottery in 2005. I bought the winning ticket in Connecticut. Do I owe Connecticut income tax on the lottery winnings?

Answer 3: A nonresident's lottery winnings received on or after January 1, 2003 are considered *Connecticut source income* and are subject to Connecticut income tax if:

- The proceeds are **\$600 or more**, and **at least 300 times the amount of the wager***, and
- The proceeds are from a lottery conducted by the Connecticut Lottery Corporation (including Powerball).

Refer the caller to [IP 2005\(16\)](#), *Connecticut Income Tax Treatment of State Lottery Winnings Received by Residents and Nonresidents of Connecticut*, for additional information.

Question 4: I am a resident of Rhode Island and won the Connecticut Lottery in 2000. I am still receiving payments and will for the next few years. Why are they now subject to Connecticut income tax?

Answer 4: Beginning on or after January 1, 2003, payments received by nonresidents from the Connecticut Lottery are subject to Connecticut income tax **even if the Connecticut Lottery was won prior to January 1, 2003 as long as the original winnings were \$600 or more, and at least 300 times the amount of the wager**. Additionally, the proceeds are subject to Connecticut income tax, even if the nonresident's proceeds are paid to more than one winner or over a

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

period of years, so that the amount paid in a particular taxable year or to a particular winner does not exceed \$600.

The Connecticut Lottery Corporation will withhold Connecticut income tax at the rate of 5% from all payments of reportable Connecticut Lottery winnings made to a resident or a nonresident whether or not federal income tax is withheld. Resident and nonresident winners who are required to file a Connecticut income tax return (See Question 1) are liable for Connecticut income tax on their reportable Connecticut Lottery winnings, even if the Connecticut Lottery Corporation does not withhold Connecticut income tax from payments of those winnings. To avoid interest charges for failing to make estimated Connecticut income tax payments, winners should check the amount of Connecticut income tax withholding from payments to see if they need to make estimated Connecticut income tax payments.

Question 5: How does a nonresident report the lottery winnings?

Answer 5: A nonresident must file Form CT-1040NR/PY to report the winnings if his or her income exceeds the gross income test and the winnings were **were \$600 or more**, and **at least 300 times the amount of the wager**. A return must be filed even if his or her income does not exceed the gross income test if Connecticut income tax was withheld from the winnings. If the nonresident's gross income is less than the amount required to file a return and Connecticut income tax was withheld from his or her winnings, the nonresident will be eligible to claim a refund when the return is filed.

To complete Form CT-1040NR/PY, the nonresident must complete Lines 1-5 using all of his income, as reported for federal income tax purposes. He will report the lottery winnings on Line 6 as Connecticut source income. After calculating the tax based on all of his income, he will prorate the tax based on the percentage of income reported on Line 6. The taxpayer must also complete Schedule CT-SI to report the lottery winnings as CT source income.

Question 6: I am a Connecticut resident and I won the Massachusetts lottery in 2005. I had to pay Massachusetts income tax on the lottery winnings. How can I claim credit for taxes paid to Massachusetts in 2005 when I complete my 2005 Connecticut return?

Answer 6: A resident who has winnings from a wager placed in a lottery conducted in a qualifying jurisdiction and who is required to pay and pays income tax to that qualifying jurisdiction on the lottery winnings may claim a credit against his or her Connecticut income tax if the proceeds from the wager exceed \$600 and are at least 300 times the amount of the wager (more than \$5,000 for calendar year 2001). The resident claims credit by completing Form CT-1040, Schedule 2.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Part-Year Residents may claim credit for taxes paid to another state on lottery winnings from that state that were received during the Connecticut residency portion on the year by completing Form CT-1040NR/PY, Schedule 2.

IMPORTANT: Previous to calendar year 2001, lottery winnings were not considered income sourced to another state. Therefore, residents who paid tax to another state on lottery winnings received prior to Jan. 1, 2001, cannot claim credit for taxes paid to that state on those winnings even though they were also subject to Connecticut income tax on the winnings. However, if the resident won a the lottery prior to 2001 but still received payments from the lottery in 2001 or 2003, the resident can claim credit for taxes paid to the other state for 2001 (if the prize was \$5,000 or more) or 2003 (if the prize was \$600 or more and 300 the wager) winnings. If they did not claim credit for taxes paid to another jurisdiction when they filed their 2001 CT income tax return, they may amend the 2001 return by filing Form CT-1040X. They cannot go back and amend returns for years prior to 2001 since the provision allowing credit is not retroactive.

Issuers of Forms 1099 - Filing Requirements

For the answers to most questions asked about magnetic media filing and annual reporting, go to the publications on the website. Click onto the Q&A section of each publication.

Question 1: Does my company need to send in copies of all 1099 forms to DRS and, if so, will you accept a copy of my federal filing?

Answer 1: **Connecticut requires certain copies of federal 1099 forms. The copies must be filed with Form CT-1096** which is due on or before the last day of February. No payment is to be made with this form.

A payer who is required to file federal Form 1096, must file **Form CT-1096** with every "state copy" of the following:

- a. Federal Form 1099-MISC, for payments made to resident individuals or, if the payments relate to services performed wholly or partly in Connecticut, payments to nonresident individuals, even if no Connecticut income tax was withheld;
- b. Federal Form 1099-R, only if Connecticut income tax was withheld;
- c. Federal Form 1099-S, reporting real estate transactions in Connecticut;
- d. Federal Form 1098, reporting payments made on behalf of an individual for property taxes paid on real estate located in Connecticut;

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

- e. Federal Form W-2G, for winnings paid to resident individuals, even if no Connecticut income tax was withheld.

Companies that are registered with DRS: If your company is registered with Connecticut to withhold Connecticut income tax, Form CT-1096 is included in the Employer's Withholding Coupon Booklet mailed to each registered employer at the beginning of the calendar year.

You may also download the form from our website at ct.gov/drs. Go to the Forms Button on the top of the page and select 2003/Business Taxes/Withholding Tax.

Combined Fed/State Filing: Connecticut participates in the **Federal/State Combined Filing Program for 1099-MISC and 1099-R.**

Magnetic Media Requirements: If the company is required to file Forms 1099 magnetically with the Internal Revenue Service, it is also required to do so with Connecticut unless it files fewer than 25 Forms 1099 (per form type) with Connecticut.

Unregistered Companies: If your **company is not registered** with Connecticut and therefore does not have a CT tax registration number, write the words "information only" in the box for CT Tax Registration Number of the Form CT-1096. Form CT-1096 is on our website at ct.gov/drs. Go to Forms at the top of the page. Choose 2003/business taxes/withholding tax.

Military

Question 1: I am active duty military stationed in CT. I do not own a home and FL is my home of record. My wife is a teacher in CT who lived in CT for the entire taxable year and earned \$19,000. Of the A.G.I. in our federal return all but \$19,000 is my military pay and since I am not a resident of CT, my military pay is not subject to CT income tax. How do I file for my wife since CT tax is based on our joint federal A.G.I.?

Answer 1: Your wife should file as "married filing separately" for CT using Form CT-1040EZ. If you filed a joint federal return, she will include on Line 1 of the CT return only her share of federal A.G.I. To determine her CT AGI

Question 2: I am planning on getting married this year to a military member who is not a CT resident but we will live in CT since he is stationed in CT. We will be filing jointly on our federal return next year, but how would I file for CT? Married filing separately or married filing jointly?

Answer 2: You are a resident and will file a CT resident income tax return as married filing separately if your husband is not a resident of CT unless you and your

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

husband agree to file as married filing jointly. (If you do file jointly, your husband's military pay would be subject to Connecticut income tax.)
If you file as married filing separately, your adjusted gross income will be your share of the federal adjusted gross income as reported on your jointly filed federal return. If your husband has any income other than military wages, such as from a part time job in CT, he will need to file a CT nonresident return. If he is not a resident of CT but is stationed in CT, his military pay is not subject to CT income tax.

Question 3: I am in the military and my home of record is CT. I meet the three requirements for being treated as a nonresident and did not have any taxes withheld last year. Now, in the first check for the new year, CT tax was withheld. How can I get the tax back. How can I stop them from withholding more?

Answer 3: If your home of record is Connecticut but you meet all three criteria for being considered a nonresident, you are not subject to tax on your military pay. However, the military will withhold Connecticut income tax unless you complete Form CT-W4 **each year** and enter "E" on Line 1 to claim exemption from the tax. Unless you provide a new [Form CT-W4](#) to your paymaster each year by February 15, the paymaster will begin to withhold Connecticut income tax for that year.

If Connecticut tax is being withheld from your income even though you will be exempt from tax for the entire year, complete Form CT-W4 claiming exemption and provide to the paymaster as soon as possible. **(Do not send Form CT-W4 to this Department since it is your paymaster that is withholding the tax.)**

If tax was withheld from your pay in error, you will have to file a Connecticut income tax return to seek a refund. Please follow the instructions for seeking a refund in the publication for Military Personnel, [IP 2005\(9\)](#). This publication also includes other important tax information for military personnel.

Question 4: I am in the military, stationed at the submarine base in New London. My home of record is Connecticut. I now live in Rhode Island but commute to New London each day to work. Am I exempt from paying Connecticut income tax?

Answer 4: If your home of record is Connecticut, you will be treated as a nonresident for Connecticut income tax purposes if you meet all of the following criteria:

- You did not maintain a permanent place to live in Connecticut at any time during the taxable year; and
- You did maintain a permanent place to live outside of Connecticut throughout the taxable year; and
- You did not spend more than 30 days in Connecticut in the taxable year.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

You do not meet the third criteria since you spent more than 30 days in Connecticut during the taxable year. A day is all or part of a day. You would have to file a resident income tax return and would be subject to Connecticut income tax on all of your income, including your military income.

Question 5: I lived in CT all of the taxable year, but I was in the military until October. When I was in the military, I was considered a RI resident and paid taxes to RI. Now I have gotten out of the military and live and work in CT. Is the correct form for me to use a part year resident form.

Answer 5: Yes. You would be considered a part year resident for the taxable year if you were stationed in CT until October but CT was not your home of record and then remained in CT after your discharge. Complete Form CT-1040NR/PY.

Mutual Funds that Invest in Connecticut obligations

Question 1: Can gains from the sale of a mutual fund that is invested in CT state and local government bonds be subtracted on Schedule 1?

Answer 1: No. There is no subtraction modification allowing the seller of the shares in the mutual fund to subtract the income even though the fund invests in Connecticut state or local bonds.

This situation is distinguished from the subtraction modification available to individuals on Line 39 of Form CT-1040. "Exempt dividends from certain qualifying mutual funds derived from U.S. government obligations". It is also distinguished from the subtraction modification on Line 45. "Gain on sale of Connecticut state and local government bonds". Line 45 subtraction is available only if the taxpayer was the owner of the bonds themselves.

This taxpayer wants to subtract a capital gain from the sale of the mutual fund, not from the sale of the bonds themselves. There is no modification to allow this subtraction even though the fund was an investor in CT bonds.

Nanny Tax (Household Employer)

Question 1: I have hired a childcare worker in my home. I would like to know what form I need to give to her stating how much we paid her during the year and where do I get this form.

Answer 1: Household employees, also referred to as "domestic service workers," work in or around a private home of the person by whom they are employed ("the household employer") or in or around the club rooms or house of a local college club or local chapter of a fraternity or sorority. Examples of household

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

employees include nannies, cooks, maids, babysitters, gardeners, and handymen.

(For further information on withholding see also, [IP 2005\(7\), Circular CT, Connecticut Income Tax Withholding Requirements](#))

Income Tax Withholding from the Wages of Household Employees is Voluntary:

Household Employers

A household employer is not required to withhold Connecticut income tax from the wages of household employees but may do so voluntarily by agreement between the employer and the employee. A household employer who agrees to withhold Connecticut income tax must register with DRS for withholding by submitting a completed **Form REG-1** with a written request stating that the employer is a household employer and is asking for annual filer status.

A household employer already registered to withhold Connecticut income tax may request annual filer status by submitting a written request which states that the employer is a household employer who prefers annual filer status. The request should be sent to the registration address below.

This request must be received on or before March 31 of the calendar year in order to be effective for that calendar year. A new request is not required to be made for succeeding calendar years, as long as the household employer remains an annual filer.

Every household employer is required to file federal Form(s) W-2, *Wage and Tax Statement*, with **Form CT-W3, Connecticut Annual Reconciliation of Withholding**, whether or not the employer is registered with DRS and whether or not the employer has withheld any Connecticut income tax. **Form CT-W3** is due on or before the last day of February to report Connecticut wages paid during the preceding year. Unregistered household employers should enter the words "HOUSEHOLD EMPLOYER" in the space reserved for the Connecticut tax registration number on **Form CT-W3**.

Household Employers Who Choose to Voluntarily Withhold Connecticut Tax: If a household employer chooses to register for Connecticut income tax withholding purposes, the employer may request to be classified by DRS as an ***annual remitter***. (A household employer is not required to register for Connecticut income tax withholding purposes, but may choose to do so if a household employee wishes to have Connecticut income tax withheld from his or her wages.) An annual remitter is required to pay over Connecticut income

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

tax withholding with **Form CT-941** on or before the fifteenth day of the April following the calendar year during which the wages were paid. A household employer should see Page 6 of this publication for detailed information on how to request to be classified by DRS as an annual remitter. Once classified as an annual remitter by DRS, a household employer will be mailed appropriate forms by DRS.

Note: Every household employer, whether or not registered with DRS for Connecticut income tax withholding purposes and whether or not having withheld Connecticut income tax from the wages of household employees, is required to file **Form CT-W3**. Form CT-W3 is due on or before the last day of the February following the calendar year during which Connecticut wages were paid to household employees. The employer is required to attach to Form CT-W3 every "state copy" of federal Form W-2 reporting Connecticut wages paid during the calendar year.

You do need to contact the Connecticut Department of Labor to register with them for unemployment taxes at 860-263-6000.

You will also need to contact the IRS at 800-829-1040 to register for social security taxes.

Nonresident Alien

Question 1: I am not a resident of the United States but I lived and worked in Connecticut during the entire year. I filed federal Form 1040NR and my income is exempt by treaty with the United States. Connecticut income tax was withheld from my wages by my employer. How can I get a refund of the tax that was withheld.

Answer 1: Even though your domicile is in another country, you are considered a resident of CT for income tax purposes if you maintained a permanent place to live in CT and you spent more than 183 days in CT in 2004. Although there is a treaty between the United State and your country that exempts your income from **federal income tax**, the treaty does not prohibit states from taxing your income. You must file Form CT-1040 and on Line 38 enter any amount of your income that is exempt from federal tax by treaty. In the space next to Line 38 write "Treaty Income". The amount of your total addition modifications on Line 39, including the treaty income reported on Line 38, will then be entered onto Line 2. The total is entered on Line 5. Tax is calculated on the amount on Line 5.

NOTE: If the caller does not meet the criteria for being a resident (i.e. his domicile is in another country and he did not maintain a permanent place of abode in Connecticut or he was not living in Connecticut for more than 183

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

days), he would be treated as a nonresident and would file Form CT-1040NR/PY. He would enter the amount of any exempt treaty income on Line 40 of Form CT-1040NR/PY.)

Question 2: I applied for an ITIN with the Internal Revenue Service. I have not received it yet. What should I do when I file my CT return?

Answer 2: The IRS has changed its process for issuing ITINs (individual tax identification numbers). ITINs are numbers issued to nonresident aliens because they are not eligible for a social security number. Previously, ITINs were issued immediately upon application. Now the IRS is taking longer to issue the numbers. In the meantime, nonresident aliens who applied for an ITIN are directed to file their federal tax return and attach the federal W-7, Application for IRS Individual Taxpayer Identification Number, to the front of the federal income return.

Effect on CT filers: Nonresident aliens following the above procedure for federal filing should also attach a copy of the federal W-7 that was filed with the IRS and write into the SSN box of the CT return "ITIN applied for/W-7 attached".

Nonresident and Part Year Resident

Question 1: I worked in Connecticut all last year but I was a New York State resident. I do not know how to claim a tax credit for the amount of state tax paid to New York. What Connecticut tax forms do I need to submit with my Connecticut tax return?

Answer 1: A nonresident who works in CT is subject to Connecticut income tax on the income he or she earned in Connecticut and is required to file Form CT-1040NR/PY. As a nonresident, you calculate your Connecticut income tax on all income for the year but then you prorate the amount of tax due on all of your income by the percentage of total income that is from a CT source. You also have to file a resident return in NY and claim credit on your NY return for taxes paid to CT. (You do not claim credit on the CT return for taxes paid to NY.)

Question 2: I lived in Connecticut for 6 months last year and then moved to Tennessee. My wife lived in Tennessee all year and never lived or worked in Connecticut. We file a joint return for federal purposes.

Answer 2: If one spouse was a part year resident of Connecticut and the other spouse was a nonresident with no Connecticut source income, only the spouse who was a part year resident needs to file a Connecticut return. The part year resident spouse will file Form CT-1040NR/PY using the filing status of "married, filing separate" even though the spouses file a joint federal return. On line 1 of Form CT-1040NR/PY, enter only your portion of federal adjusted gross income as

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

reported on the federal return. Your portion means any income you earned, received or accrued in your own name and your share of any joint income. Use the same rules for allocating income that you would use if you were filing separate returns for federal income tax purposes.

Question 3: I was a New York and Maryland resident last year. However, I received income from the sale of stock that I purchased under an incentive stock option plan set up by my former Connecticut employer. Is the income I recognized last year subject to Connecticut tax?

Answer 3: If you are a nonresident, the income you received from the disposition of stock purchased under the incentive stock option would not be considered Connecticut source income **unless** you worked in Connecticut as an employee during the period beginning with the first day of the year during which such option was granted and ending with the last day of the year during which such option was exercised.

If, during that period your services were performed wholly within Connecticut, the amount by which the fair market value of the stock, at the time such option was exercised, exceeds the option price is compensation that is derived from or connected with sources within this state, provided, if the fair market value of the stock, at the time such option was exercised, exceeds the amount realized on the disposition of the stock, then only the amount of income that is recognized for federal income tax purposes shall be considered compensation that is derived from or connected with sources within this state.

If, during that period your services were performed partly within and partly without Connecticut, the portion of the amount by which the fair market value of the stock, at the time such option was exercised, exceeds the option price, that is derived from or connected with sources within this state is in the same ratio that your total compensation received from the employer during such period for services performed in this state bears to the total compensation received from the employer during such period for services performed both within and without this state.

The difference between the amount realized on the disposition of the stock and the fair market value of the stock, at the time such option was exercised, is income or loss that is not derived from or connected with sources within this state.

NOTE: if the caller wants something in writing, you may tell them it is included in Connecticut Agencies Regulation 12-711(b)-16

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 4: I recognized income last year from a nonqualified stock option granted by my former Connecticut employer. I did not live in or work in Connecticut last year. Is the income taxed by Connecticut?

Answer 4: The income is Connecticut source income and will be subject to Connecticut income tax if, during the period beginning with the first day of the taxable year during which such option was granted and ending with the last day of the taxable year during which such option was exercised (or, if the option has a readily ascertainable fair market value, as defined in 26 C.F.R. §1.83-7(b), at the time of grant, the taxable year during which such option was granted), you were performing services within Connecticut.

If, during this period your services were performed wholly within Connecticut, any amount by which (1) the fair market value of the stock, at the time such option was exercised, exceeds (2) the option price, is compensation that is derived from or connected with sources within this state.

If, during this period your services were performed partly within and partly without Connecticut, the portion of the amount by which the fair market value of the stock, at the time such option was exercised, exceeds the option price, that is derived from or connected with sources within this state is in the same ratio that the total compensation received from your former employer during such period for services performed in this state bears to the total compensation received from your employer during such period for services performed both within and without this state.

The difference between the amount realized on the disposition of the stock and the fair market value of the stock, at the time such option was exercised, is not considered Connecticut source income and is not subject to Connecticut income tax. You may send the caller Conn. Agencies Regs. Sec. 12-711(b)-18.

Question 5: I am a Connecticut resident and I work in New York. I have a question regarding whether or not Connecticut state tax as well as New York state tax should be withheld from my paycheck

Answer 5: If your employer is registered to withhold state tax in both New York and Connecticut, your employer is required to withhold tax from the state in which you work first. If the tax from the state in which you live, exceeds the tax withheld for the state in which you work, your employer is required to withhold the difference for the state in which you live. For example: If the withholding for New York on your wages is \$100 per week and the withholding tax due to Connecticut on your wages would be \$150 dollars, your employer would be required to withhold \$100 for New York State and \$50 for Connecticut.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

- Question 6:** I am a resident of New York state and work full time in Connecticut. On my W2 for last year I have NY state and CT taxes withheld. I file my CT income tax return in the form CT-1040NR/PY. How can I claim a credit for taxes paid to NY in this form?
- Answer 6:** Credit for taxes paid to another jurisdiction is always claimed on your resident return. You cannot claim credit for taxes paid to New York on your Connecticut nonresident return. You can claim credit for tax paid to Connecticut on your New York resident return.
- Question 7:** I am completing CT-1040NR/PY. We moved into Connecticut in September of last year and have found no mention of credit for property taxes paid on our Connecticut home that we purchased last year. Where do we take this credit?
- Answer 7:** The property tax credit is only available to full year residents. Unfortunately, because you were a part year resident, you cannot claim the credit.
- Question 8:** Both my spouse and I moved into Connecticut last year on separate dates and we married in August. For tax reasons, we filed jointly on the Federal 1040. Can we file a joint part year resident return?
- Answer 8:** No. Because you are part year residents who moved into Connecticut on different dates, you must each file Form CT-1040NR/PY as married filing separately. However, you should check the filing requirements to find out if one or both of you has to file. As married filing separately, if your share of federal adjusted gross income is \$12,000 or less and you had no Connecticut income tax withheld, you will not have to file a Connecticut return.
- Question 9:** My wife and I are residents of Virginia but because of the sale of some Connecticut property, we were instructed to file a Connecticut nonresident return and Schedule CT-SI. We will also be filing a Virginia resident return. It seems to me that the only income I should be reporting for Connecticut purposes should be the capital gains related to the property sale. However, the way the CT-1040NR/PY is set up, it seems like my tax will be based upon the higher of my Federal Adjusted Gross Income or my Income from Connecticut sources. My Federal AGI is much higher than my Connecticut source income, so how do I avoid paying CT taxes on income I will also be reporting on my Virginia return? I am aware that if I pay Connecticut taxes I can take a credit on my VA return for those taxes paid, but I definitely don't want to pay Connecticut taxes on my non-Connecticut income. How do I fill out the Connecticut return so that I am paying only taxes on my income from Connecticut sources?
- Answer 9:** Connecticut law requires a nonresident or part year resident to calculate his or her tax in the same way as a resident of Connecticut. The nonresident or part

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

year resident is then required to prorate the tax based upon the percentage of income from Connecticut sources.

For example, if the Connecticut income tax calculated on your entire income (as reported on Line 5 of Form CT-1040NR/PY) was \$1,000, but you were a nonresident who earned only 50% of your income from wages earned while working in Connecticut, your tax due to Connecticut would be 50% of \$1,000, or \$500. The Connecticut method of calculation allows the nonresident to be taxed at the same rate as a resident, taking into account the same exemptions and tax credits available to a resident at the same income level, but only requires payment of the tax in relation to the percentage of total income derived from this state. This method of taxation, also employed by New York and California, as well as other states, is intended to result in a fair collection of only the amount of tax due to Connecticut.

When you file the resident income tax return with your home state, you may be able to claim credit for taxes paid to Connecticut for income earned in this state.

Question 10: My family I and live and work 100% in Maryland, but I am paid by a company located in Connecticut. I work out of my home in Maryland. The Connecticut company withholds Connecticut taxes from my pay. Should I be paying CT taxes?

Answer 10: If you were not a resident of Connecticut for any part of the year and you did not work in Connecticut at all during the year but Connecticut income tax was withheld by your employer, you should attempt to have the employer correct the error and issue you a corrected Form W-2. If you cannot get a corrected W-2, you must complete Form CT-1040NR/PY, the nonresident income tax form, for the year in which the tax was withheld and attach a copy of Form W-2 showing Connecticut income tax withheld.

Question 11: How should I complete the nonresident Connecticut return if tax was withheld in error from wages paid to me last year?

Answer 11: If you were not a resident of Connecticut for any part of the year and you did not work in Connecticut at all during the year but Connecticut income tax was withheld by your employer or by a pension plan payer, you should attempt to have the employer or payer correct the error and issue you a corrected Form W-2 or 1099-R. If you cannot get a corrected W-2 or 1099-R, you must complete Form CT-1040NR/PY, the nonresident income tax form, for the year in which the tax was withheld and attach a copy of Form W-2 or other form showing Connecticut income tax withheld.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Completing the Return

If income tax was withheld from your pay or pension in error, you must file [Form CT-1040NR/PY](#) to request a refund. Complete Lines 1-5 following the directions on the form. Enter "0" on Line 6 if you had no income from Connecticut sources.

Documentation

Attach a statement to the front of the return explaining that you were not a resident for any part of the year and that you did not work in Connecticut during the year. You should also attach a letter from your employer or payer stating that they withheld Connecticut tax in error and stating that you were not a resident of Connecticut for any part of the year nor did you work in Connecticut at all during the year. You must also attach a copy of your W-2 (or 1099-R if tax was withheld from your pension).

Question 12: My husband and I sold our house in Connecticut and moved to Florida at the end of last year. My husband is on a medical disability and received checks from his former employer's insurance provider throughout this year. No federal or state taxes were withheld from this check. We have established residency in Florida. We are unsure if this is considered taxable by Connecticut.

Answer 12: If the disability income is wage income and is included in your federal adjusted gross income (meaning that it is subject to federal income tax), it is subject to Connecticut income tax if it is paid in connection with former employment in Connecticut. You will need to file Form CT-1040NR/PY and include it as Connecticut source income.

Question 13: I move from Connecticut to Massachusetts in January of last year. All of my income was earned in Massachusetts.

1. Do I need to file a return for Connecticut?
2. Last year I rolled a 401k plan directly into an IRA. Does this affect state taxes?

Answer 13: If you were a resident of Connecticut for any part of last year, file Form CT-1040NR/PY. Complete Worksheet CT-1040AW to show what portion of your income you earned during your residency period. If the rollover resulted in any recognition of income in your federal adjusted gross income, it will be taxable for Connecticut purposes only if the rollover took place during your residency period. If no income was recognized for federal purposes it will not be subject to Connecticut tax.

Question 14: I was formerly employed in Danbury, but was retired in several years ago. This year, I received a W-2 form reporting income of \$16,000 with a state

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

withholding of \$790. Since I did not work in the state of Connecticut at all last year and the salary was not a wage:

1. How do I report this on the Non-Resident form
1. Do I have any tax liability to the State of Connecticut for this income?

Answer 14: If the payment was severance pay, vacation pay, sick pay, or like type of compensation based on former employment in Connecticut, it is Connecticut source income and is subject to tax even if you did not work in Connecticut in the year you received the income. Report that income as Connecticut source income on Schedule CT-SI and on Line 6 of Form CT-1040NR/PY.

Question 15: What is the minimum amount needed by a part year resident to file Connecticut income tax?

Answer 15: A nonresident or part-year resident who meets the gross income test and who has **any** income from Connecticut sources must file a Form CT-1040NR/PY. A nonresident or part-year resident must include gross income from all sources, not just income earned in Connecticut, to determine if he or she meets the gross income test. A return must be filed if Connecticut income tax was withheld from payments made to the nonresident or part year resident even if he or she does not meet the gross income test.

Question 16: I moved out of Connecticut last year and will be deducting moving expenses or reporting income from moving expense reimbursement. How are moving expenses or income reimbursement for moving expenses allocated to Connecticut resident/ nonresident periods?

Answer 16: The moving expenses should be allocated to the Connecticut portion of the year if the expenses associated with the move were fixed and determinable before you moved out of Connecticut. For example: if you hired a moving company and you were billed a fixed amount that was determined before you moved, that moving expense is sourced to Connecticut. On the other hand, if you got an estimate before you moved but the final bill depended upon factors that were not entirely known until the move was completed, the expense would not be sourced to Connecticut. You do not prorate the expenses. They are either reported in Column B (residency period) or Column C (nonresidency period).

The same rule applies to reporting the income if you receive reimbursement for moving expenses from your employer. For Connecticut income tax purposes, a taxpayer begins with federal adjusted gross income in calculating Connecticut income tax. If the moving expense reimbursement will be included in your federal adjusted gross income it will be in your CT adjusted gross income. The reimbursement should be allocated to the Connecticut portion of the year if the expense reimbursement associated with the move was fixed and determinable

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

before you moved out of Connecticut. For example: if the new employer notified you before you moved out of Connecticut that you would receive \$3,050 in reimbursement income, you would report that income in the column B of Worksheet CT1040AW. If the amount of the reimbursement was not "fixed and determinable" until after you moved to the other state, you would report it in Column C of Worksheet CT1040AW.

(Direct taxpayer to the instructions to CT-1040AW, Adjustments to Income. Example on page 31 of the 2005 CT-1040NR/PY booklet details taxation of moving expenses.)

Question 17: I am a part year resident. How do I report my student loan interest deduction, IRA deduction, tuition and fee deduction, or domestic production activities deduction?

Answer 17: Deductions: If you are permitted to claim any of the deductions listed above on the federal Form 1040, you must prorate the amount of the deduction between the resident and nonresident portion of the year, in the same proportion as your wage income is prorated. Complete Form CT-1040AW and then carry over the totals to the CT-SI. For example: If your income for the entire year is \$40,000 and \$10,000 (25%) of that income is reported on Schedule CT-SI, Line 15, (income from Connecticut sources), you would be entitled to claim 25% of the deduction on the appropriate deduction line on Schedule CT-SI.

If the taxpayer were a nonresident, the taxpayer would also prorate these wage-related deductions listed above by prorating them according to the percentage of wage income that is CT sourced wage income.

Question 18: We may be moving from the State of Connecticut and will sell our house if we do. Is there a tax on the sale of the house?

Answer 18: If you are required to include any of the gain in your federal adjusted gross income, that portion is also subject to Conn. income tax. If none of the gain is subject to federal tax, it will not be subject to Conn. tax. The gain, if taxable, will be included in your federal and Connecticut AGI and will be reported on the Connecticut income tax return.

Question 19: I received a distribution from a qualified IRA in January of last year in order to use the money for a down payment on purchase of property in Florida. (I established permanent residency in Florida last February.) The distribution was not from a Connecticut source so can it be excluded from Connecticut adjusted gross income?

Answer 19: A part-year resident is subject to Connecticut income tax on any income received or accrued during the period he or she was a Connecticut resident. If

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

you received the IRA distribution prior to changing your residence to Florida, the distribution is subject to Connecticut income tax.

Question 20: I changed my domicile (legal residence) from Connecticut to Florida in last November. I did not sell my house until the following February. Am I a part year resident of Connecticut for last year?

Answer: 20: If an individual changes his or her domicile during the year but maintains a permanent place to live in Connecticut for the entire year and lived in Connecticut for more than 183 days, he or she will **not** be considered a part year resident for that year. He or she will be considered a resident under the rule for statutory residents. Remember a statutory resident is anyone who is domiciled in another state but who maintained a permanent place to live in Connecticut and spent more than 183 days in the state in the aggregate during the year.

Example: Jon and Mary sold their house in Connecticut and moved to Florida in August changing their domicile to that state. They owned a summer house and did not sell that house (or maintained an apartment in CT, etc.), continuing to maintain that permanent place of abode in Connecticut for the entire year. Because they maintained a permanent place of abode in CT for the entire year and spent more than 183 days in CT, they are residents of CT for that year.

Online Filing through Fed/State ELF Program

Question 1: I filed my federal and Connecticut income tax returns using an online tax service. It has been several weeks and I did not get my Connecticut refund. What should I do?

Answer 1: Check to see if you have an acknowledgement from the online service provider that your Connecticut return was filed. That acknowledgement will be in addition to the acknowledgement you received for the filing of your federal return.

1. If you did not get a separate state acknowledgement, you probably did not take the additional step required to file the state return, you should contact the **support personnel for the online service provider** to check on the status of the Connecticut filing. If you find out that your Connecticut return was never filed online, you must file using a paper form. You cannot file the Connecticut return online if you already received an acknowledgement that your federal return was filed.
2. If you do have a acknowledgement that your Connecticut return was filed successfully online and it has been more than 10 business days since you received the acknowledgement, contact the Department of Revenue Services Refunds Unit during business hours (8 am – 5 pm) at 860-297-

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

4845. (Most refunds are issued within 4 business days of acknowledgement.)

PENSION INCOME

Question 1: I recently moved to CT. Do I have to pay Connecticut taxes on a Massachusetts pension which is state tax free there if I had remained a Massachusetts resident?

Answer 1: If you are a CT resident and the pension is included in your federal A.G.I., it will also be subject to CT income tax.

Question 2: My wife retired as a teacher and has been receiving retirement income since then from New York State Teachers Retirement Association at the end of each month. We reside in Connecticut and file a joint return. Her retirement check is subject to federal taxes but is exempt from New York State tax. Do we have to pay Connecticut income tax on her pension? She has federal income taxes deducted from each check. Because it is administered from Albany, NY they have no provision for deducting Connecticut tax if it is applicable. Do I have to make estimated payments periodically or can I pay what we owe when I file my return? I work in Connecticut and am making payroll deductions to you bi-weekly.

Answer 2: As Connecticut residents your Connecticut income tax is based on your federal adjusted gross income. Connecticut will tax any portion of your wife's pension income included in your federal adjusted gross income. Since, there is no Connecticut income tax withheld from this income you may be required to make estimated income tax payments. Use Form CT-1040ES which contains a worksheet for you to determine if you must make estimated income tax payments and if so in what amount. Since you have CT income tax withheld from your wages, you can increase the amount of your withholding to cover the additional tax on your wife's pension by completing a new Form CT-W4 and giving it to your payroll department. In order to avoid penalty for underestimating taxes, you should make provisions to pay throughout the year.

Question 3: I accepted an early retirement package last year from my former employer. I received a lump sum payment of \$5,000 and will receive a monthly payment each month for the next 5 years. The amount of the monthly payment will be determined based upon the consumer price index as published on January 1 of each year. I moved out of Connecticut right after I signed the papers accepting the early retirement income but before I received the lump sum payment.

Answer 3: Early retirement payments that are reported as wage income on federal Form W-2 are subject to Connecticut income tax even if paid to a nonresident if the payments are in connection with former employment in Connecticut. A

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

nonresident must file Form CT-1040NR/PY and report the income as Connecticut source wage income on Schedule CT-SI. In the year that you moved out of Connecticut, you would be required to report for the residency portion of the year any payments that you received before moving out.

PROPERTY TAX CREDIT

- Question 1:** My income tax preparation software says that automobile registration fees may be deductible as “state and local tax” on Schedule A of federal Form 1040. It says to check with the state.
- Answer 1:** You may not deduct the motor vehicle registration imposed by Connecticut and collected by the Department of Motor Vehicles. To be deductible under federal income tax law, the registration fee would have to be imposed annually and would have to be assessed in proportion to the value of the car. Since Connecticut's registration fee charged by DMV is bi-annual and is a flat fee, not based on value of the car, it is not deductible.
- Question 2:** I own a piece of rental property for which I have been paying real estate taxes to a Connecticut town. Am I able to claim those taxes in calculating the property tax credit?
- Answer 2:** The property tax credit may only be claimed on property tax paid on a personally owned automobile or on a primary residence that is owned by the taxpayer. You may not take credit for property tax paid on unimproved real estate or on property that is not your primary residence.
- Question 3:** I currently rent an apartment. Can I take a property tax credit?
- Answer 3:** No. The property tax credit may only be claimed for taxes paid by the owner on his or her primary residence.
- Question 4:** I moved out of or into Connecticut last year. I paid property tax on the house I own (or owned) in Connecticut and on the cars that were registered in Connecticut.
- Answer 4:** The property tax credit is only available to full year residents. Nonresidents and part year residents are not eligible by law to claim a property tax credit. A legislative change would be necessary to allow the credit to apply to other than residents.
- Question 5:** I was a resident for all of last year and I purchased a house in last year. I reimbursed the sellers for property taxes on the house at the closing. Can I include the payment made to the sellers in computing the property tax credit?

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Answer 5: If the house is your primary residence and it was the primary residence of the seller, you may claim the Connecticut property tax credit for payments made to the seller at closing for reimbursement of the seller of property tax payments on the home but only to the extent that you are entitled to claim a deduction for the payment of the tax on Schedule A of federal Form 1040.

Question 6: I made two payments of property tax on my home last year, one in January and one in July, but Turbo Tax only allows space for one payment.

Answer 6: You may include the total of the payments made and enter the date of the first payment since Turbo Tax only allows for one date. Keep with your records proof of both payments in the event that we contact you for additional information.

Question 7: I own land on which I will build a house, can I use the property tax paid on the land?

Answer 7: No. You may only claim credit on property tax paid to a Conn. municipality on your primary residence. You cannot calculate the credit using tax paid on unimproved land.

Question 8: I made more than one payment on the same motor vehicle, a supplemental payment made in Jan. and a payment made in July, can I use both payments?

Answer 8: Yes. As long as the payments were for the same motor vehicle and neither one was a late payment due in a prior year, you may total the payments and include both in calculating the credit.

Question 9: I sold one motor vehicle and bought another last year. I received and paid property tax bills on both motor vehicles in last year. Can I combine the payments since I only owned one motor vehicle at the same time?

Answer 9: A single filer may only use the property tax paid on one motor vehicle. Therefore, you cannot use the tax paid on both vehicles even if you owned them at different times. Choose the larger of the two tax payments to calculate the credit.

Question 10: On the property tax credit schedule, it only has lines for 2 motor vehicles. I have a third vehicle I also pay taxes on. Where do I put that?

Answer 10: You may only include the tax paid on one vehicle if you are single or head of household or married filing separately. If you are filing a joint return, you may include the tax paid on up to two vehicles. Regardless of filing status, the law does not allow you to include the tax paid on any other vehicles.

Question 11: I am a veteran and receive a property tax exemption from my town in Connecticut. I receive a property tax bill and want to know if I can also claim the property tax credit.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Answer 11: If you did not pay any property tax because of the exemption, you cannot claim any credit on the income tax return. Those who get credits from their towns for property tax either because they are senior citizens or veterans can only claim the property tax credit on the income tax return if they paid some property tax to the town on their primary residence or personally owned motor vehicle.

Question 12: I had a new house built last year. At the closing I paid the seller reimbursement for property tax paid on the vacant land by the seller last year. Can I use this payment to calculate the property tax credit.

Answer 12: No. Only tax paid on a primary residence can be used in calculating the credit. Tax paid by the seller on vacant land cannot be used. (See Questions 5 and 7 with answers on this topic.)

REFUNDS

Question 1: The refund check was made out to me and my spouse but my spouse cashed it and kept the money. I never signed the check.

Answer 1: We will mail you an Affidavit of Forgery. Fill it out and mail it back to us and we will submit it to the bank for investigation. However, if the check was deposited into a joint account, the bank may refuse to do anything in this situation since you and your spouse both had access to the account. (Contact the Refunds Unit and transfer the caller to request the Affidavit of Forgery.) (Give the request to Noemi Perry after you use Image Viewer to determine if the check was cashed.)

Question 2: I tried the automated refund system but it keeps telling me to enter the amount of the refund even though I am entering the exact amount. My refund was \$443.

Answer 2: You must enter the dollar amount followed by the #sign. You must enter 443#.

Question 3: Can I have my refund deposited directly to my account?

Answer 3: Yes, direct deposit of refunds is available on telefile, webfile, electronically filed and paper returns.

Question 4: If an individual is lax in their tax filing for (let's say) a decade or so, and they owe an outstanding amount for past due child support (DSS) and are now trying to catch up their filing status and file those years, and are aware they would not receive a return on the tax paid for that year and are not trying to receive a return in the mail, what happens to the tax outcome for that year?

Answer 4: Conn. Agencies Regs 12-732(a)-1 states that "...if any tax imposed by the Income Tax Act has been overpaid, a taxpayer may file a claim for refund in writing with the Commissioner within three years from the due date for which such overpayment was made..."

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

There is not an exception to this regulation to apply refund amount to back child support. If the taxpayer is not entitled to a refund because the return is filed more than 3 years after the due date, or extended due date, then there is no overpayment to apply to past due child support. Therefore, the last tax year that you can file for a refund which will be applied against child support is "2001", which was due on 4/15/2002. To be entitled to a refund, the 2001 return must be filed on or before April 15, 2005.

**OPTIONAL SALES TAX DEDUCTION
FOR FEDERAL ITEMIZED DEDUCTION**

The following excerpt is from the IRS Website. We may receive inquiries about this even though it deals with federal taxes, and not with Connecticut taxes. Connecticut does have an income tax but it is possible that some people who do not pay state income tax but who do use federal Schedule A to itemize deductions on their federal return may be able to deduct sales tax. Here is the excerpt:

Sales Tax Deduction Option

FS-2005-6, January 2005

The American Jobs Creation Act of 2004 gives taxpayers the option to claim state and local sales taxes instead of state and local income taxes when they itemize deductions. This option is available for the 2004 and 2005 returns only.

IRS Publication 600, Optional State Sales Tax Tables, helps taxpayers determine their sales tax deduction amount in lieu of saving their receipts throughout the year. Taxpayers use their income level and number of exemptions to find the sales tax amount for their state. The table instructions explain how to add an amount for local sales taxes if appropriate.

Taxpayers also may add to the table amount any sales taxes paid on:

- A motor vehicle, but only up to the amount of tax paid at the general sales tax rate; and
- An aircraft, boat, home (including mobile or prefabricated), or home building materials, if the tax rate is the same as the general sales tax rate.

For example, the State of Washington has a motor vehicle sales tax of 0.3 percent in addition to the state and local sales tax. A Washington state resident who purchased a new car could add the tax paid at the general sales tax rate to the table amount, but not the 0.3 percent motor vehicle sales tax paid.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Taxpayers will claim the deduction on line 5 of Schedule A, checking a box to indicate whether the amount represents sales tax or income tax.

While this deduction will mainly benefit taxpayers with a state or local sales tax but no income tax — in Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming — it may give a larger deduction to any taxpayer who paid more in sales taxes than income taxes. For example, you may have bought a new car, boosting your sales tax total, or claimed tax credits, lowering your state income tax.

Taxpayers may download Pub. 600 from the IRS Web site, or order it by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676). The IRS has mailed Pub. 600 to all taxpayers who received a Form 1040 tax package.

Question 1: I plan to take the deduction for sales tax when I do my federal return. Do I have to add back the sales tax I deduct when I complete my CT return?

Answer 1: No, you do not have to add back the deduction you take on your federal income tax return for sales tax paid. The sales tax deduction for federal income tax purposes is taken on Schedule A of federal Form 1040, Itemized deductions. Itemized deductions are taken after you calculate your federal adjusted gross income. Since we begin with federal AGI on the CT return, the deductions you take on Schedule A will not affect your CT tax.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Telefile/WebFile

The following are some of the common questions that come up regarding Telefile. You should have the list of eligibility requirements for telefile handy at all times. That list is on the inside front cover of the EZ/Telefile booklet. Go over the list if the caller is not sure whether he or she qualifies. The requirements are different from federal telefile requirements and have changed since last year.

STEPS FOR HANDLING REQUESTS FOR PIN TO TELEFILE OR WEBFILE

1. CHECK TO SEE IF A PIN WAS ISSUED.
 - Go to the webfile administration screen.
 - Log in
 - Check “Unlock”
 - Enter Taxpayer’s SSN
 - If the message reads “**successfully unlocked**” it means the taxpayer was issued a PIN. Go to **Step 2**
 - If the message reads “Social Security number is not valid”, tell the caller that they were not issued a PIN and will have to file a paper return. (It may be that they did not file last year.)
2. ASK CALLER IF THEY CAN ACCESS LAST YEAR’S FEDERAL ADJ. GROSS INCOME.
 - **If no**, fill out the Telefile Assistance form. Fill out 1, 2, 3, and 4. In 5, check PIN entry and write on lines “Taxpayer did not receive PIN. Please send booklet with PIN.”
 - **If yes**, tell caller to use fed. AGI in place of PIN

Question 1: Why didn’t I receive a Telefile booklet?

Answer 1: Only people who met certain guidelines received a Telefile book. If you did not receive a telefile booklet, **you may still be eligible to telefile if you filed a Connecticut income tax return last year with a Connecticut address.** (Use the information in the answer to Question 4 to tell caller how to get a book and check eligibility and how to obtain a PIN.) **If you did not file a Connecticut income tax return using a Connecticut address last year or if you do not meet the qualifications listed in the Telefile booklet you cannot telefile this year’s return. You will have to file using a paper form.**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 2: I have been using telefile but cannot this year due to taxable Social Security benefits. Can I use the new WebFile method?

Answer 2: Since WebFile uses the CT-1040 format, you will be able to webfile if you have federally taxable social security benefits and otherwise meet the qualifications for WebFile.

Question 3: I live in CT, but I work in MA. In Box 16 on my W-2, it says "MA." Can I telefile my CT return?

Answer 3: Because you are subject to tax in MA as well as in CT, you must file a nonresident return in MA and a resident return in CT. You may claim credit for taxes paid to MA by completing Form CT-1040, Schedule 2 and attach a copy of your MA nonresident return. You cannot telefile your CT return because you cannot claim credit for taxes paid to another state on the telefile return. You may use WebFile to file your return and claim credit for taxes paid to MA as long as you meet the other requirements for WebFile.

Question 4: I lost my Telefile booklet can I get another one?

Answer 4: Yes. You download the booklet on our website, pick up the CT-1040EZ/Telefile booklet at Connecticut libraries, post offices and town halls or order the EZ/Telefile booklet from the Forms Unit.

Question 5: I want to telefile but I did not get a telefile booklet.

Answer 5: If you did not receive a telefile booklet, **you may still be eligible to telefile if you filed a Connecticut income tax return last year with a Connecticut address.** You may download the booklet on our website, pick up a CT-EZ/Telefile booklet at Connecticut libraries, post offices and town halls or order the EZ/Telefile booklet from the Forms Unit. Review the qualifications on the inside front cover to find out if you qualify to Telefile (go over the qualifications with the caller). You will need a PIN to file. If we automatically mailed you a Connecticut income tax booklet, your Telefile PIN is on the name and address label. It is a 4-digit number. If you do not have your PIN but you know last year's federal adjusted gross income, you can follow the directions in the Telefile booklet to obtain a PIN. If you are not eligible to Telefile or Webfile, you must file a paper return. **If you did not file a 2003 Connecticut income tax return using a Connecticut address or if you do not meet the qualifications you cannot telefile your return.**

Question 6: I told you last year that I do not want to telefile and you still sent me a book.

Answer 6: Check with the caller to see if the book is the Telefile only or the EZ/Telefile booklet. If it is the Telefile only and the taxpayer does not want to telefile, fill out the form requesting to be removed from the Telefile mailing list.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

If the caller has the EZ/Telefile booklet, explain that the paper forms are in that booklet. Be sure that the caller does not have to use the CT-1040 long form. If not, tell the caller to use the EZ forms and instructions.

Question 7: I received social security benefits last year. Can I telefile?

Answer 7: If any of your social security benefits are federally taxable, you **cannot telefile** or use the EZ form. You must use the long form, Form CT-1040 and fill out the Social Security Benefit Adjustment on Line 42 of Schedule 1. By completing the social security benefit adjustment you will reduce or eliminate the amount of your taxable social security that is subject to Connecticut income tax. Refer the caller to page 20 of the 2004 CT-1040 booklet for instructions to Line 42.

If the caller is a social security recipient, also ask if he or she received taxable social security benefits in 2002, 2003 or 2004 and filed the EZ or Telefile return in any of those years. If the answer is yes, the caller should be advised to amend the return or returns. Transfer the caller to Forms x4753 to order the year specific CT-1040X.

Question 8: I moved to another location in Connecticut last year, can I telefile?

Answer 8: If you were a resident of CT for the entire year and you otherwise qualify to Telefile based on the eligibility requirements listed in the telefile booklet, you can telefile but you must telephone the Registration Unit at 860-297-4962 at least 24 hours prior to Telefiling in order to make any corrections to your name or address. (If the taxpayer was a part year resident of CT last year, he or she cannot telefile or webfile.) If the taxpayer WebFiles, she can change her address on-line by typing in her new address on the form. No advance telephone call is needed.

Question 9: I webfiled my return and claimed credit for taxes paid to another state. A screen popped up and told me to mail in a copy of the other state's return but I did not write down the address. Where should I mail it?

Answer 9: Mail the other state's return to:

Dept of Revenue Services
PO Box 2933
Hartford, CT 06104-2933

Question 10: I was webfiling my return and could not finish it without additional information. Is there a way I can save it and go back to it later?

Answer 10: No. You cannot save the form in a file format. You must have all information ready before you begin to enter the data.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 11: I telefiled my taxes yesterday. It occurred to me that I gave the wrong Employer ID#. I gave the STATE ID number instead of the federal employer ID#. What should I do?

Answer 11: The Telefile system is built to accept the Federal ID, however it will recognize the State Registration number. It will do a lookup for the first 9 digits of the 10 digit CT registration number. Your filing is complete and this will not affect your Telefile tax return.

Question 12: I telefiled my return and realized afterwards that it did not ask me for my address. I moved to a new home in CT last year. Where will my refund go?

Answer 12: Unless you elected to have your refund directly deposited into your bank account, your refund will be mailed to your address on record. If the address we have is incorrect, you should have contacted the registrations area at 860-297-4962 at least 24 hours before you telefiled.

Question 13: I am attempting to file via the web as I did not receive my telefile book this year; therefore, I do not have a PIN for this year. When I attempted to put in last year's AGI, the system only accepts the first four numbers (4437), then I put in this year's AGI. After clicking on the link to continue I was given an error message telling me my pin was incorrect. What did I do wrong?

Answer 13: There are 2 boxes for the PIN screen. One is for the PIN and the other is for AGI. The PIN box only accepts the 4 digits. Directly below the PIN box you will find a second box that allows you to enter your entire AGI. By using the AGI box, it will accept your prior year adjusted gross income.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

TITLE 19 RECIPIENTS

Question 1: My father is in a nursing home on Title 19. His income is high enough that he has to file a Connecticut income tax return. Because he can take medical deductions he does not owe any federal income tax but he does owe Connecticut income tax. Is there anything we can do? All of his money goes to the nursing home.

Answer 1: Follow the instructions in the instructions to the Connecticut income tax return and file Form CT-19IT to the front of the return. DRS will check on your father's Title 19 status with the Department of Social Services. If we determine that the tax is uncollectible because your father does not have any money to pay the tax, we will take appropriate action.

Question 2: My wife and I file joint federal and Connecticut income tax returns. She is in a nursing home and is on Title 19. Can I file Form CT-19IT with our joint Connecticut income tax return?

Answer 2: No. If you file a joint federal return, you must file a joint Connecticut return as long as both of you were residents of CT for the entire year. As joint filers, you are both liable for the payment of the tax. The fact that one spouse is on Title 19 will not relieve the other spouse from paying the full amount of the tax due.

Question 3: We filed joint federal and Connecticut returns and I would like to amend them to file separately so I can take advantage of the CT-19IT.

Answer 3: You cannot amend a federal income tax return after the due date of the return to change the filing status from joint to married filing separately. If you do amend, it must be done prior to the April 15th filing deadline. Since you must use the same filing status on your Connecticut return as you do on your federal income tax return, you cannot amend the Connecticut return to change the filing status if you are not permitted to amend the federal return.

Withholding and Annual Reporting (Employer Questions)

Magnetic Media Questions: Employers and payers who call with questions about **magnetic media filing** of their W-2s or 1099s should be directed to review the information on the DRS website at ct.gov/drs. Select Electronic Services/Business Taxes from the left navigation.

Question 1: Are there new withholding tables for 2006?

Answer 1: Yes. There are 2006 tables on the website. There are NO changes in the tax rates for 2006. The tables do include information on the new withholding categories of Civil Union filing Jointly and Civil Union filing Separately.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Go to ct.gov/drs Use the Business link on the left navigation and then
Withholding Tax - Employers. Then select 2006 withholding tables.

Question 2: What are the deadlines for filing withholding and reporting forms for 2005.

Answer 2: Form CT-941 for the last quarter of 2005 is due on or before January 31.
Forms W-2 must be given to employees on or before January 31.
Form CT-W-3 and copies of Forms W-2 to DRS on or before February 28 even if no CT withholding
Form CT-1096 and copies of required Forms 1099 to DRS on or before February 28.

NOTE On Extensions: Employers may request an extension to file **Form CT-W3, Form CT-1096**, or both, by filing **Form CT-8809, Request for Extension of Time to File Informational Returns**, on or before the last day of February.

Question 3: What 1099s are required?

Answer 3:

- a. Federal Form 1099-MISC, for payments made to resident individuals or, if the payments relate to services performed wholly or partly in Connecticut, payments to nonresident individuals, even if no Connecticut income tax was withheld;
- b. Federal Form 1099-R, only if Connecticut income tax was withheld;
- c. Federal Form 1099-S, reporting real estate transactions in Connecticut;
- d. Federal Form 1098, reporting payments made on behalf of an individual for property taxes paid on real estate located in Connecticut;
- e. Federal Form W-2G, for winnings paid to resident individuals, even if no Connecticut income tax was withheld. (The CT Lottery Corporation will also send in Form W-2G for nonresidents who won the CT lottery, including Powerball.)

Question 4: What amount should be entered on Line 1 of Form CT-941?

Answer 4: Enter the employer's total gross wages paid, inside CT and outside CT, on Line 1. Also enter any nonpayroll amounts paid by the employer, both inside and outside CT. Gross wages means the amount reported on the federal Form 941 for that FEIN account number. Gross wages means taxable gross wages and excludes any amounts paid that are not subject to federal and CT income tax withholding.

Question 5: What if I made a mistake on Form CT-941.

Answer 5: Amend by filing Form CT-941X (Available from the Forms Unit. Transfer to x4753)

Question 6: I made a mistake on some of the W-2s I issued.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
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Answer 6: DRS does not accept magnetic filing of federal Form W-2C, the form used to correct a W-2. If there is an error in the employer's magnetic media or Form W-2 informational returns, the employer must correct the file and replace the entire file. The employer must complete **Form CT-6559, Transmitter Report**, and check the box indicating that it is a replacement file. An amended **Form CT-W3** or **Form CT-1096** must also be filed. The employer must write "Amended" at the top of the form.

If you filed on paper, send copies of the Forms W-2C along with Form CT-W3 marked amended.

Question 7: My business is not required to register with CT and I don't have a CT tax registration number. I do issue Forms 1099-MISC (or some other 1099 form). How do I report them to CT?

Answer 7: Complete Form CT-1096 and send with the Forms 1099 to the address on the form. In the space for tax registration number write "information only".

Calls concerning Magnetic Media Filing Requirements should be referred to the Website to read the Magnetic Media specifications. They can find the specs by clicking on "Electronic Services" on the left navigation bar, then select "Magnetic Media" under Business Taxes.

Working in Another State

Question 1: I worked in RI while living in CT. I received unemployment income as a result of being laid off from my RI job. Should this unemployment income be classified as CT income or RI income?

Answer 1: As a resident, all of the income that is included in your CT adjusted gross income, is subject to CT tax. If you are subject to RI income tax on the unemployment compensation, you must also file a nonresident return in RI. Contact the RI tax department to find out if you are subject to RI tax. Because that unemployment compensation related to your prior job in RI it will be considered to be RI source income and you may claim credit for taxes paid to RI when you complete your CT resident return. You will have to complete Schedule 2 on Form CT-1040.

Question 2: I became a CT resident in September but I work in NYC. How do I pay or determine my CT tax liability?

Answer 2: Because you are a part year resident for last year, you must complete Form CT-1040NR/PY, Schedule CT-SI, and Worksheet CT-1040AW. You are subject to CT tax on all your income from the period of September through

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

December and any income from a CT source that you earned prior to moving into CT. Since you worked in NY while living in CT, you will also complete Schedule 2 on the back of Form CT-1040R/PY to claim credit for taxes paid to NY on income earned and taxed in NY while you lived in CT. There is no credit on taxes paid to NY on income you earned in NY before you moved to CT. (You will also need to file a part year resident return with NY and to attach a copy of that return to your CT return.)

Question 3: I live and work in CT. My wife lives in CT and works in NY. If she is on vacation, has business travel, or works at home (CT), do we pay NY tax for this time out of NY or CT tax?

Answer 3: As a resident, your wife is subject to CT income tax on all of her income, regardless of where it is earned. She is entitled to claim credit for income taxes paid to another state or a jurisdiction in another state on income, such as wages, earned for working in that state. If your wife works in NY, she may claim credit for taxes paid to NY for services performed in NY by completing Schedule C of Form CT-1040 and attaching a copy on the nonresident return filed with NY. If she goes to another state (State D) for her employer and works in State D, she will be entitled to claim credit for taxes paid to State D provided she files an income tax return with State D.

Question 5: My wife and I moved from NY to CT last year. We both had jobs in NY while we lived in NY. My wife is still working in NY but I now work in CT. How do we report our income? Do we also owe tax to NY on my wife's income?

Answer 5: Assuming you and your wife moved into CT at the same time and are filing a joint federal income tax return:
You and your wife would file joint part-year forms in CT and NY for last year.

- On your Form CT-1040NR/PY, you may complete Schedule 2 to claim credit for taxes paid by your wife to NY on income earned in NY after moving to CT.
- In addition to completing Form CT-1040NR/PY, you must complete Worksheet CT-1040AW and Schedule CT-SI to allocate the income between your CT residency and nonresidency period. This includes wage income and any other income, such as interest, dividends and capital gains. Any income you earned, received or accrued after moving to CT is subject to tax.
- You must attach a copy of your NY part year resident return to the CT return.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 6: Last year, I was a CT resident but by mistake my taxes were withheld for Illinois? What should I do? Is there any way that my taxes can be transferred from IL to CT?

Answer 6: If you worked in IL you are subject to tax on the wages earned there even if you are a CT resident. You must file a nonresident return for IL because you have IL sourced income and tax was withheld for IL. You must file Form CT-1040 and claim credit for taxes paid to IL by completing Schedule 2. If you did not work in IL, you are not subject to IL tax. You will need to file a nonresident return with IL and a resident return with CT.

Question 7: I am a resident of Connecticut. Several years ago, I worked in New York 3 days a week and in Connecticut from my home on the other 2 days a week. New York is now auditing my return for that year and claims that I owe New York tax on all of my income, even income I earned while working from my home. Can I amend my Connecticut return to claim credit for the additional New York tax that I have to pay?

Answer 7: A resident may only claim credit for taxes paid to another state on income that is sourced to that state. Connecticut would not consider wages to be sourced to another state unless the services for which the wages were paid were performed in that state. Therefore, even though New York is requiring that you pay New York tax on wages earned while working from your Connecticut home, Connecticut will not give you credit against your Connecticut income tax for the New York tax paid.

Form 1099-G

The Department sends the 1099-G to only those who received a refund of the prior year's Connecticut income tax in current year and who were identified as taxpayers who itemized their federal income tax deductions for the prior year. (For example, someone who received a refund in 2005 of state tax paid in 2004 and who itemized deductions on his federal income tax return for 2004 would receive a 1099-G for 2005.)

The method used by the DRS to identify taxpayers who itemized their deductions is not foolproof. Some people who did not itemize will receive a 1099-G and some people who did itemize will not receive a 1099-G. DRS matches the people on the Connecticut refund tape against federal filers who did **not** itemize their federal deductions. The names that do not match will receive a 1099-G. However, there may be other reasons why someone did not match to the "non-itemizer" list. For example, some taxpayers may have filed their federal returns late or on extension or with a non-Connecticut address and, therefore, would not appear on the tape even if they did not itemize. They would receive a 1099-G even though they do not need to report that refund.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

The amount on the 1099-G is the **total overpayment** from the prior year. In most cases the entire overpayment has been refunded to the taxpayer. However, the overpayment can also be split in several ways:

- Refund
- Carry over
- Charitable contributions
- Use tax

Regardless of how it was split, the total amount of the overpayment must be reported to the IRS on the 1099-G. You can refer to the ITRP system, on TD81 to determine how the overpayment was distributed. The codes are as follows

- 120 refund (the amount sent to the taxpayer or direct deposited in the Taxpayer's account.
- 151 carry over to next year's estimated tax based on Taxpayer's request on the form.
- Charitable contributions
 1. 168 breast cancer
 2. 172 aids research
 3. 174 organ transplant
 4. 176 wild life
 5. 178 safety net services
- 191 Use Tax Payment - If the taxpayer enters an amount on the Use Tax line and the taxpayer has an overpayment of income tax, part of the overpayment will be applied to use tax. (This does not show in TD81. You will have to look at the TPs return to see the use tax amount. Therefore, go to TD 71 to see the 2002 return.)

If someone calls to say they did itemize on their federal income tax return and should get a 1099-G because they received a refund from Connecticut last year, you may transfer the caller to the Refunds Unit at x4845. The Refunds Unit staff will give them the information by telephone so the caller knows what to enter on Line 10 of their federal Form 1040, or if the caller insists on getting a 1099-G form will send one. Remember, the taxpayer does **not** need to attach the Form 1099-G to the federal return.

The Department of Labor issues **Form UC-1099-G to report unemployment compensation received in 2004**. If the taxpayer is questioning the amounts on that form, give the caller the telephone number of the Department of Labor at 860-263-6000.

Question 1. I received a Form1099-G issued by DRS. What should I do with it?

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Answer 1: Form 1099-G is used to report a state tax refund. If you filed federal Form 1040 for last year and used Schedule A to itemize your deductions, including state taxes, you must report the amount on Line 10 of this year's federal income tax return. You will then subtract that amount on this year's Connecticut income tax return by entering the amount on Line 2, of Form CT-1040EZ or on Schedule 1 of Form CT-1040 (Line 43) or CT-1040NR/PY (Line 45).

Important leading questions for you to ask the caller are:

- Did you file the federal Form 1040 or the federal Form 1040EZ last year? If the caller says she filed the federal 1040EZ, tell her she will not have to do anything with the 1099-G issued by DRS. If the caller filed the federal 1040 last year ask if she itemizes her deductions on Schedule A or if she takes the standard deduction. If she says she itemizes, tell her she will need to report the amount of the refund on the 1099-G on Line 10 of the federal Form 1040 this year and subtract it on her Connecticut return. (See line references in Answer 1.)

If the caller does not know what form they filed last year, you may be able to remind them by asking if they itemized their deductions last year on the federal return or if they took the standard deduction. If they say they itemized and deducted the amount of state tax they paid, then you will explain how to report the refund on the federal return and how to subtract it on the CT return.

Question 2: I don't think the amount on the 1099-G is correct. I don't remember getting a refund.

Answer 2: The amount on the 1099-G is the amount of your overpayment for last year's state tax. It includes amounts that were refunded to you by DRS, amounts that were applied to this year's income tax estimates, amounts you contributed to charitable funds listed on the income tax return, amounts that were offset to pay debts to other agencies, amounts that were offset from your overpayment to pay debts you owed, and amount of the overpayment you used to pay use tax. **(If the taxpayer still disagrees with the amount, check TD81 to see the detail of last year's refund. If there appears to be a problem, transfer to Refunds Unit at x4845. Hold for an agent and tell them the reason for the transfer.)**

Question 3: Why is my state tax refund subject to federal tax?

Answer 3: It is only taxable if you claimed a deduction of state tax paid when you completed Schedule A of last year's Federal Form 1040. The IRS allowed you to deduct the amount you paid to the state when you calculated last year's federal taxes. Then DRS returned a part of those state taxes to you in the form

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

of a refund. Now, you must report to the federal government that you received some of the money back.

Question 5: I did not itemize my deductions on my federal income tax return but I received a 1099-G. What should I do?

Answer 5: You may disregard the 1099-G. There is no need to take any action.

Question 6: The 1099-G from DRS indicates a Tax refund of \$800 which you have already reported to the IRS. My refund was \$755. The other \$45 was paid by me to the State of Connecticut as an Individual Use Tax. How can you tell me that I paid the tax to the state and then the state tells the IRS that it has refunded the monies to me.

Answer 6: Federal law requires the state to report the full amount of any overpayment of Connecticut income tax on Form 1099-G. Even though some of your income tax overpayment was used by you to pay the use tax, it must still be fully reported on Line 10 of this year's federal income tax return. The same rule would apply if some of your overpayment had been applied to estimated income tax or if you had asked us to donate part of your overpayment to one of the charities listed on the return.

Question 7: I filed federal Form 1040 last year and itemized deductions using Schedule A. I just received my 1099-G from DRS reporting the amount of my state tax refund received. I also had to amend that CT income tax return and had to pay additional money to the state. Should I enter on Line 10 of this year's federal Form 1040 the amount reported on the 1099-G or should I subtract from that figure the amount of additional tax I paid when I amended my return?

Answer 7: You must report the full amount of the overpayment of CT income tax as reported on the Form 1099-G that we sent to you. You may not reduce that amount by the additional tax you paid when you filed your amended return. Any additional Connecticut income tax you paid when you amended your Connecticut income tax return may be included on Schedule A of your federal Form 1040 for the year in which the additional tax was paid.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

END OF FILING SEASON QUESTIONS

The following questions and answers will assist you in the final days of the filing season.

Question 1: I mailed the return but **forgot to send the payment.**

Answer 1: If a taxpayer filed an income tax return but neglected to enclose the payment, you should advise them to do the following:

1. write a letter explaining that the return was sent without the check for payment; and
2. make the check or money order payable to the "Commissioner of Revenue Services" and include the taxpayer's social security number and the words "2005 Form CT-...."; and
3. the above information should be sent to:
Department of Revenue Services
Attn:Accounts Receivable Unit
25 Sigourney Street
Hartford, CT 06106

NOTE: Any payment that is not timely will result in penalty and interest charges. Tell the caller that the payment must be received or U. S. postmarked by April 17, 2006. The taxpayer may also use one of the approved private delivery services described in question 4 and answer.

Question 3: I forgot to sign my return. Should I send in a copy with my signature?

Answer 3: Do not send in a second return. The Department will contact you if there is a problem with your return. Do not be concerned if you are not contacted.

Question 4: What constitutes **timely filing/payment**?

Answer 4: A return or a payment of tax for income tax is timely filed if received or if the date shown by the U.S. Postal Service cancellation mark is on or before April 17. This deadline applies to all Connecticut individual income tax returns, Connecticut individual income tax payments, and the first estimated tax payment for the next year.

Private Delivery Services:

DRS will **also** accept as timely, returns or payments sent by certain private delivery services as long as the date recorded by the private delivery service is on or before April 17 and the taxpayer uses one of the approved services. The names of the companies and the type of service that is proof of timely receipt are listed below. Important: If the caller is using a Private Delivery Service (PDS) the return or payment must be sent to:

**Department of Revenue Services
Accounts Receivable (for payments) or Processing (for returns)**

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

**25 Sigourney Street
Hartford, CT 06106**

A PDS is not permitted to deliver mail to a P.O. Box address.

LIST OF DESIGNATED PDSs: The following PDSs and the following specific types of delivery services are designated PDSs for purposes of Conn. Gen. Stat. §12-39aa. The date recorded or marked by a designated PDS in the manner described in Section 7502 of the Internal Revenue Code on documents or payments that it delivers to the Department of Revenue Services will be treated in the same manner as the date of a United States postmark made by the United States Postal Service:

- **DHL Worldwide Express (DHL):**

- DHL Same Day Service
- DHL Next Day 10:30 a.m.
- DHL Next Day 12:00 p.m.
- DHL Next Day 3:00 p.m.
- DHL 2nd Day Service

- **Federal Express (FedEx):**

- FedEx Priority Overnight
- FedEx Standard Overnight
- FedEx 2Day
- FedEx International Priority
- FedEx International First

- **United Parcel Service (UPS):**

- UPS Next Day Air
- UPS Next Day Air Saver
- UPS 2nd Day Air
- UPS 2nd Day Air A.M.
- UPS Worldwide Express Plus
- UPS Worldwide Express

Important: The above-listed designated PDSs are not designated with respect to any type of delivery service not identified above. Consequently, the "timely mailing as timely filing/payment" rule of Conn. Gen. Stat. §12-39aa does not apply to any other type of delivery service offered by the designated PDSs. **Also, these designated PDSs are not permitted by the U.S. Postal Service to deliver items to Post Office boxes. Taxpayers must use the U.S. Postal Service to send any item to a DRS Post Office box address.**

If the caller needs the list of PDSs or additional information, he or she can download PS 2005(4) from our website.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

NOTE: You may also explain the credit card payment option if the individual wants to pay this year's CT income tax and filed a CT income tax return for last year. See the answer to Question 12, below.

Question 5: I don't have all the information I need to file my return by April 15th.

Answer 5: Taxpayers who cannot file on time because they do not have all the necessary information to file a return should be directed to use Form CT-1040EXT, *Application For Extension of Time to File Connecticut Income Tax Return For Individuals*. They are required to pay all that they owe with the extension request. However, if taxpayer expects to owe **no additional** Connecticut income tax for the taxable year, after taking into account any Connecticut income tax withheld from wages or any estimated Connecticut income tax payments (or both), **and** taxpayer has **requested an extension of time to file his or her 2005 federal income tax return**, taxpayer is not required to file **Form CT-1040 EXT**. Taxpayer will be subject to interest and may be subject to a penalty on any amount of tax not paid on or before the original due date of the return.

In the event that taxpayer does owe tax and is unable to pay their entire tax liability, they should file Form CT-1127, *Application for Extension of Time for Payment of Income Tax* and attach it to the extension form or the income tax return.

If an extension has to be filed, taxpayer should be encouraged to file a paperless extension using WebFile (anyone can file an extension WebFile (resident, nonresident or part-year resident, even if they never filed a return in CT before). Payment, if any is due, would be made by direct payment from checking or savings account.

Another option for filing an extension is for those who want to pay by credit card to use Official Payments Corp. They would not have to file the paper extension form. The payment is subject to the 2.5% convenience fee.

If taxpayer insists on filing a paper extension, Form CT-1040EXT is contained in the CT-1040EZ, CT-1040 and CT-1040NR/PY Booklets. The form is also available from the DRS Forms Unit; however, as the deadline approaches this may not be a viable option. Form CT-1040EXT as well as other income tax forms are available from the 25 Sigourney Street office, field offices, Tax-Fax, the Internet and state libraries. If the taxpayer cannot possibly get the form in time for the April 15th deadline, a reasonable facsimile is acceptable as long as it contains all of the information required on the original form.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 6: Where should I mail the extension?

Answer 6: **Encourage the taxpayer to use WebFile to file the extension.** Any taxpayer can use WebFile to file the extension: resident, nonresident, part year resident. To WebFile the extension, the taxpayer does not need to have filed a Connecticut return last year.

Form CT-1040EXT or facsimiles of that form should be mailed to:
Department of Revenue Services
PO Box 2977
Hartford, CT 06104-2977

Fax transmission if no tax is owed: If the taxpayer is requesting an extension to file **but does not owe any tax**, the Department will accept the form by fax sent to 860-297-4757. The date on the fax transmission would have to be on or before April 17th.

Question 7: What if I cannot pay all that I owe by April 17th?

Answer 7: A taxpayer with all of the information necessary to file the Connecticut income tax return but without enough money to pay should be instructed to do the following:

1. File the return on time and pay as much as possible.
2. If the taxpayer has access to Form CT-1127, Application for Extension of Time for Payment of Income Tax, complete as much as possible of the form and attach it to the front of the income tax return.
3. If the taxpayer does not have a Form CT-1127, write "Substitute Form CT-1127" on the top of a sheet of paper, explain what he is requesting, and explain the hardship which requires the taxpayer to request the extension. The substitute form should be attached to the front of the income tax return. If the extension is granted and the taxpayer pays all that is due by Oct. 15, 2004, the 10% penalty will be waived. Interest at 1% per month or fraction of a month on the unpaid amount does apply.
4. If the taxpayer is seeking a payment plan, a description of the proposed payment plan may be added to the CT-1127 and the taxpayer should begin making payments as soon as possible.
5. The taxpayer should not wait to be contacted by the Department. He or she should continue to make payments on a regular basis.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

6. Payments may be mailed to:

Department of Revenue Services
PO Box 5045
Hartford, CT 06102-5035

The taxpayer should include his or her social security number on the check and the words, "2005 income tax."

Question 8: I received my refund. I have to amend my return and **will owe more income tax.**

Answer 8: If the taxpayer did not cash the refund check and returns the check to the Department along with a letter explaining that an amended return will be filed that will reduce the refund, Accounts Receivable will redeposit the money to the taxpayer's account and the taxpayer will not be charged with penalty or interest on late payment. The refund check should be returned to the Department as soon as possible, even if the amended return is not yet ready. Recommend that the taxpayer write "VOID" across the check to ensure that it is not cashed. The check and letter should be mailed to:

Department of Revenue Services
Attn:Accounts Receivable Unit
25 Sigourney Street
Hartford, CT 06106

If the check was cashed, the taxpayer must make the additional payment by April 17th to avoid charges for interest on the underpayment.

Question 9: How far back can I go to amend and claim a refund of an overpayment?

Answer 9: You may amend a previously filed return within 3 years of the original due date or extended due date (if you requested an extension to file the original return). You may amend a return for 2002 to request a refund only until April 15, 2006.

Question 10: Where can I get a form?

Answer 10: (As April 17th approaches, it will become less likely that income tax forms mailed to taxpayers will be received before the filing deadline. It is, therefore, more appropriate to offer other alternatives.) Forms are available:

- At DRS offices in Hartford, Norwich, Hamden, Bridgeport, and Waterbury.
- At post offices, town halls, and libraries in CT towns.
- 24 Hours A Day on the DRS Website <http://www.ct.gov/drs>

DO NOT OFFER TO FAX THE FORM TO THE TAXPAYER. WE WILL BE TOO BUSY TO SPEND TIME FAXING FORMS AS THE 17TH COMES CLOSER.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Question 11: I can't get a form. What can I do to avoid penalty and interest?

Answer 11: As long as you pay all the tax you expect to owe on time, you may file the return later without penalty. You may mail in the check (using the options in Answer 3, above).

Question 12: Can I use the credit card option to pay if I did not file my 2004 return yet?

Answer 12: If taxpayer did not file his CT income tax return (before Nov. 2005), there is a way that he can still make a credit card payment:

1. Taxpayer will have to call Official Payments' special Taxpayer Service number to pre-register. Have the taxpayer call **1-800-487-4567 extension 5080**. Explain that they want to pay their Connecticut state income tax by credit card but did not file a 2004 income tax return.
2. After the taxpayer registers using this method, he or she must go to Officialpayments.com to schedule the payment. They cannot make the credit card payment using the Official Payments telephone system.
3. If the taxpayer is in TD11, the payment will update and post to the taxpayers account and you do not have to do anything else. However, if this is a first time Connecticut tax filer (not in TD11) please get his/her name and address and social security number and send an email to Noemi Perry with a copy to me. We will notify the Registration Section of Operations to update our files so that when the payment tries to update it will not reject.

Question 13: I telefiled last year but did not get a book this year.

Answer 13: If you did not receive a telefile booklet, **you may still be eligible to telefile if you filed a Connecticut income tax return for 2002 with a Connecticut address.**

You may pick up a CT-EZ/Telefile booklet at Connecticut libraries, post offices and town halls or order the EZ/Telefile booklet from the Forms Unit. Review the qualifications on the inside front cover to find out if you qualify to Telefile (go over the qualifications with the caller).

You will need a personal identification number (PIN) to file. If we mailed you a different Connecticut income tax booklet, your Telefile PIN is on the name and address label. It is a 4-digit number.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

If you do not have your PIN but you filed a 2002 Connecticut income tax return using a Connecticut address and you know your 2002 federal adjusted gross income, you can follow the directions in the Telefile booklet to obtain a PIN.

If you are not eligible to Telefile, you must file a paper return. **If you did not file a 2002 Connecticut income tax return using a Connecticut address or if you do not meet the qualifications listed in the 2003 Telefile booklet you cannot telefile your 2003 return. You will have to file using a paper form.**

The last day to Telefile your return is April 15 (until midnight). Telefile cannot be used after April 15th.

Question 14: Can I file my return on my PC on April 15th?

Answer 14: Yes. Remember: if you owe tax, you must mail in the payment or use the credit card payment option on or before April 15th. Be sure the payment, if mailed, is timely filed. (Explain the timely filing options.)

WebFile will be available to file 2003 returns through October 15th. However, if you file after April 15th and you owe tax, the tax due will be subject to penalty (10%) and interest (1% per month or fraction of a month).

Question 15: I know that I paid property tax but I am not sure how much I paid.

Question 15: To claim the credit you must know the exact amount of property tax that you paid and must enter that amount on your CT income tax return. If you do not know the exact amount, you may file your return and pay the tax you owe without claiming the credit and then amend to claim the credit after you know the exact amount. Or, you may request an extension of time to file. (Remind taxpayer if he owes any tax, it must be paid by time.)

Question 16: I do not owe any tax because of the property tax credit, do I have to file.

Answer 16: You must file if

- you meet the gross income test or
- if you had any Connecticut income tax withheld or
- you made any Connecticut estimated income tax payments or
- you have an alternative minimum tax liability.

Even if the tax liability is offset by the property tax credit, you must file a Connecticut income tax return if you meet any of the requirements listed above.

Question 17: We received our Refund Check but it was (lost, stolen, mangled, etc)...

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

Answer 17: If the check that the Department of Revenue Services mailed to you has been lost in the mail, misplaced or stolen, you must send a **written request** to the Department of Revenue Services **to stop payment and to issue a new check**. Fill out **Form CT-3911**, *Taxpayer Statement Regarding Refund*.

If you cannot obtain the form from our website, you may send in a written request.

Step 1: Your request must contain the following:

- A. Your name or names (if a joint return) as they appear on the Connecticut income tax return.
- B. Your social security number or numbers (if a joint return).
- C. Your current mailing address
- D. Your daytime telephone number
- E. The words, "stop payment and reissue my refund check".

Step 2: The request should be mailed to:

Department of Revenue Services
P.O. Box 5035
Hartford, CT 06102-5035

NOTE: You may transfer the caller into the prerecorded information on how to request a stop payment at X 3027.

Question 18: I filed my return but forgot to enter the estimated payments (or payment applied from last year), should I file an amended return?

Answer 18: Do not file an amended return. The DRS will automatically check your account for payments and if we find that you made an estimated payment or made a mistake in entering the amount of the estimated payment, we will correct that error and will issue you the correct refund.

Question 19: I moved after filing my return. What will happen to my refund check?

Answer 19: If you gave the post office a forwarding address, the check will be returned to DRS with your new address. We will then send the check to your new address. You should also change your address with us by writing to:

**Registration Unit
Department of Revenue Services
25 Sigourney Street
Hartford, CT 06106**

In the letter, state your name(s), social security numbers, old address and new address.

**CONNECTICUT DEPARTMENT OF REVENUE SERVICES
TAXPAYER SERVICES DIVISION
COMMON QUESTIONS FOR 2005 INCOME TAX RETURNS
INTERNAL USE ONLY
NOT FOR DISTRIBUTION**

If the check is returned to us without a forwarding address, we will check our address data base. If we find your new address, we will mail the check to your new address.

If you do not receive your check and we tell you that it was not returned to us, you will have to send a written request to us to stop payment and to reissue the check.

Question 20: I sent my return in more than 8 weeks ago and I still have not received my refund. I called the automated refund line and it said the return was not processed. What should I do?

Answer 20: **Option 1 – If no return is on TD71 the answer should be:** “It takes up to 8 weeks to process the return. Until the return is processed, the information will not be in our computer system. If you mailed the return more than 8 weeks ago, send in a copy of the return with the words “second copy” written prominently on the first page. Be sure to include copies of all necessary attachments as well (W-2 forms, etc.). Allow 6- 8 weeks from the date we receive it to process this second copy.”

Option 2 – If the return has been received and is in error or has been received and the refund has not yet been released (code 101 on TD81): “We have received your return and it is being processed. We do not know how long it will take before the processing is complete. Please call us back if you do not receive your refund within 3 weeks.”